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NEWS SUMMARY

GENERAL

Egypt to buy 20 Mirage fighters

Egypt has agreed to buy 20 French Mirage 2000 combat aircraft in a deal worth \$1bn (£253.6m). The agreement came at the end of French Defence Minister Charles Hernu's three-day visit to Cairo.

The French Government will finance the deal with a short-term loan at 9 per cent interest repayable in instalments from 1985. *Back Page; Saudi pledge, Page 2*

BUSINESS

Miners' leaders urge vote for strike

● **MINEWORKERS'** union leaders today urged their 250,000 members to vote for a national strike over pay "if necessary".

The union's newspaper says the Chancellor's recent economic package has destroyed the value of the NCB's £102m offer. *Back Page*

● **BELGIAN** franc fell quite sharply last week to finish the week's member of the European Monetary System, but still within its official divergence limit.

The D-mark was the second weakest, behind the Italian lira, while the Irish punt was the strongest, ahead of the Danish krone and French franc.

After October's major realignment of the EMS and a devaluation of the lira in March the system showed little change from the end of 1980 when the French franc was the strongest currency, and the D-mark's weakness was the major factor of interest.

Pipeline blast

Iraq's efforts to increase oil exports suffered a serious setback when saboteurs blew up a pipeline carrying crude to the Lebanese port of Tripoli. *Back Page*

Terrorists freed

Four women held on terrorist charges escaped from Rovigo prison in Italy after guerrillas blew a hole in the prison wall. A passer-by was killed.

Floods hit North

Melting snow and heavy rain caused widespread flooding in Cumbria, Yorkshire and Gloucestershire. In Scotland, drifting snow blocked many roads. *Page 4*

Rail death crash

A British Rail workman was killed and nine others were injured when a goods train crashed into the rear of a stationary train near Northampton.

Son in hiding

Polish Deputy Premier Mieczyslaw Rakowski's son, reported to be seeking a new life in the West, went into hiding to escape publicity. *Page 2*

Bomb claims

Police were last night investigating claims that militant Welsh nationalists were responsible for the weekend bomb blast in Fleet Street, London.

Ghana appeal

Ghana's new military rulers told officials of the Government they overthrew on New Year's Eve to surrender to the police for their own safety. *Page 2*

Support for Foot

Labour leader Michael Foot is expected to win strong union backing this week in an attempt to end the party's internal squabbles. *Page 4*

Penice cash

Philanthropist David Robinson, was named as the man behind the charitable trust which has given £400,000 for a new Penice lifeboat.

Army power bid

Bangladesh President set up a 19-member security council in an effort to accommodate army demands for a role in deciding national policy.

England ahead

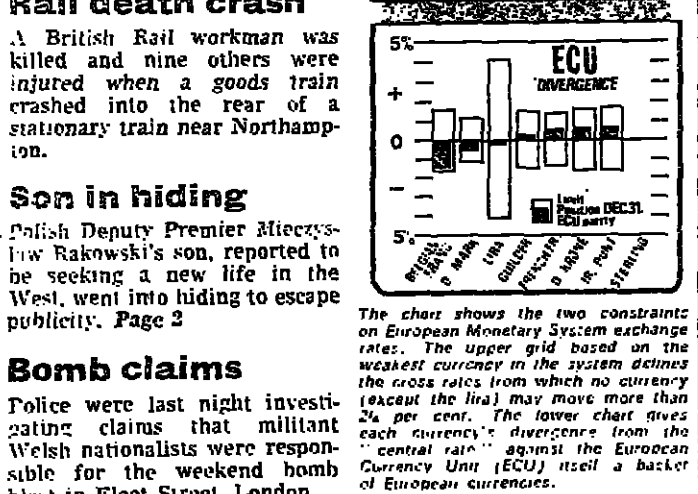
England ended the third day of the fourth test in Calcutta 89 runs ahead of India. England: 248 and 49-1. India: 208.

Miller wins

Jenny Miller (U.S.) won golf's highest-ever first prize of \$1m (£26m) in South Africa's Sun City Challenge, beating Seve Ballesteros (Spain) in a sudden-death play-off.

Briefly...

Taxi driver was shot dead in Spain's Basque country.
Norther and son died in a blaze at their Newcastle home.
Five left-wing guerrillas were executed in Iran.



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Improved Ford offer may avert strike called for tomorrow

By IVO DAWNAY, LABOUR STAFF

NEGOTIATORS for Ford's 54,000 manual workers are to meet today to discuss an improved management offer, raising hopes that the all-out strike threatened to begin tomorrow will be called off.

The offer was made at the weekend in talks between Mr Paul Roels, Ford's industrial relations director, and Mr Ron Todd, chief negotiator for the company's 13 manual unions.

It is believed Ford has agreed to bring forward the introduction of a 39-hour working week from November 1, and to introduce increased pensions in line with white-collar workers by August 1 instead of waiting for the findings of a working party in report for next year's wage round.

Pensions and a shorter working week have remained the principal outstanding issues between the two sides, which have broadly agreed on a 7.4 per cent pay increase and the terms for the introduction of an efficiency programme.

The unions' 56-strong negotiating committee will meet in London this morning to decide whether to call for a plant-wide vote on the offer. The committee will also consider whether Ford's improved package merits a recommendation for acceptance.

If a vote is called, the pending strike action will be suspended to allow mass meetings to be held tomorrow with shop stewards reporting back to their unions on Wednesday and Thursday.

Neither side has indicated what outcome is expected from today's meeting, though provision has been made for mass meetings to take place tomorrow.

However, Mr Todd acknowledged last night that the unions had agreed to reconvene before the strike went ahead only if the company offered "significant improvements."

"The fact that I have asked the trade union side together must indicate that there are some areas that must be seriously considered," he said.

Ford also confirmed that there had been improvements, although declining to comment on its hopes for a settlement. "We believe this is a good package by any standards, and we are hoping that those who have so far opposed a deal will think again," the company said.

Talks held at the London offices of the Advisory, Conciliation and Arbitration Service last month broke down amid bitter recriminations from both sides. The union said that Ford's improvements to bring forward the shorter working week and to look into pensions were merely token gestures.

Ford countered by warning that it was prepared to sit out a long strike if it failed to win a more favourable and conciliatory response from the unions.

The lions hard road to industrial harmony. *Page 9*

Ulster economic package this week

By Margaret Van Hattem

A MAJOR three-year housing programme, a large construction project and a youth action programme are among the key elements of an economic package for Northern Ireland which Mr James Prior, the Northern Ireland Secretary, plans to announce on Wednesday.

The package, the first for the province since the Government took office in May 1979, is intended to create jobs quickly and to rally support for a political initiative centred on a newly elected assembly within six months.

Top priority is being given to housing. For the first time, the Cabinet has approved funds over three years, which will increase housing starts.

This is expected to pre-empt any Treasury pressure for spending cuts of the type which cut heavily into Northern Ireland housing and social services programmes in autumn 1980.

The youth employment programme is expected to be significantly more generous than in the rest of the UK. Young people will receive £25 a week instead of the £15 allowance which will be on training and on the mainland. The aid further education, rather than work experience on the employers' premises.

Mr Prior is expected to emphasise the extent to which he was influenced by the Northern Ireland politicians who accepted his invitation to talks on the Ulster economy. Although the Official Unionist Party (OUP), led by Mr James Boland, and the Democratic Unionists (DUP), led by the Rev Ian Paisley, boycotted the talks, the five politicians who did attend appear to have been unanimous in asking that housing should be given top priority.

The Government hopes that the evidence of the scope for local politicians to influence Government policy, together with the package itself, will give impetus to devolution talks.

Mr Prior is due to meet leaders of all the main parties except the DUP next week, and is expected to unveil his political initiative next month.

The Government appears to be aiming for a compromise between the OUP, which is pressing for majority rule with a role for the Catholic minority in legislative committees, and the Social Democratic and Labour Party, which insists on a voice at ministerial level.

One option being considered is an American style Executive rather than a Westminster style Cabinet.

EEC attempts to heal split over line on Poland

By JOHN WYLES IN BRUSSELS

EUROPEAN COMMUNITY Foreign Ministers will try today to reconcile their differences over how to react to events in Poland but will stop short of sanctions against the Soviet Union similar to those announced by President Reagan last week.

In one of their most sensitive discussions for many years, the ministers will have two main objectives:

● To convince the Polish military government that it will inevitably face European reprisals if it does not relax its cracked-on Solidarity and seek agreement on internal reforms with trade union and Church leaders.

● To convince the U.S. Government and public opinion of Europe's intention to defend human rights in Poland.

The U.S. must accept, however, that the European do not agree that the Soviet Union should be the target for sanctions at present, since Moscow's direct responsibility for the Polish crackdown cannot be established.

Most Ministers are arriving in Brussels depressed by the disarray in the Community. Many believe it was unnecessary provoked by President Reagan's sanctions decision.

They do not understand the President's haste though one explanation in EEC capitals is that Mr Reagan's move was precipitated by anger over a letter to him from Mr Leonid Brezhnev, the Soviet leader.

The UK and France appear ready to offer assurances that U.S. sanctions will not be undermined by the Europeans. But the Ten want more detailed information. If the U.S. policy threatens the new Soviet gas pipeline to Western Europe, it is feared that West German opposition could rule out any assurances to the U.S.

Bonn remains the strongest advocate of a graduated response to the Polish crisis. Although opinion there is showing signs of hardening, the

Germans are still arguing that Warsaw should be allowed more time to fulfil its assurances that reforms would be continued and trade union rights re-established.

Chancellor Helmut Schmidt will try to persuade Mr Reagan of the virtues of this approach. He leaves his Florida holiday resort for a White House meeting. He will be joined by Herr Hans Dietrich Genscher, the West German Foreign Minister, who will fly directly to Washington after today's Brussels meeting.

These discussions in Brussels and Washington could be vital in determining the outcome of a meeting of Nato Foreign Ministers which is likely to take place next week. Both sides of the Atlantic are anxious to close ranks, but it is by no means clear that the U.S. desire for concerted action can be satisfied.

Within the EEC, the UK, with some support from Italy, is most anxious to heal the breach with the Americans by pressuring Moscow and Warsaw. France's position is not yet clear, but today's meeting may be unable to go further than warning Poland that Europe's patience is running out, and that the time has come for a change of policy.

More broadly, some Ministers may see the Conference on Security and Co-operation in Europe as the possible forum for joint action with the U.S. The conference, due to resume in February, deals with most aspects of East-West relations as they affect Europe. How, not all member states are attracted by the U.S. idea of calling a special session of the conference to arraign the Polish Government for breaching the Helsinki Final Act on human rights.

It is widely thought that the Poles and the Russians would prevent the conference taking place and that this could destroy the broader achievements registered in Madrid.

Editorial comment, Page 14
Polish crisis, Page 2

Alliance by-election hopes hit by dispute over share-out of seats

By Margaret Van Hattem, Political Staff

HOSTILITY between Liberals and Social Democrats, which erupted into a full scale row at the weekend, threatens the alliance's chance of success in a promising parliamentary by-election.

Mr William Rodgers, who as chief SDP negotiator, has broken off discussions with the Liberals on the share-out of seats for the next general election, yesterday came under strong attack from leading Liberal MPs. Meanwhile, the death of Sir Thomas Galbraith, the Conservative MP for Glasgow Hillside, has prompted speculation that Mr Roy Jenkins may contest the seat.

If the Conservatives decide to exploit the current tensions in the alliance and call an early by-election Mr Jenkins's chances could be seriously damaged.

The other Social Democratic leaders have rallied round Mr Rodgers and fully support his move.

They resent what they see as Liberal attempts to reneg on agreed guidelines for sharing out seats, both in general and in two particular instances. These are the Liberal refusal to support Dr Enoch Powell in Greenock and Port Glasgow, and the alleged Liberal refusal to honour an agreement over Derbyshire seats.

The Social Democrats are trying to force Mr David Steel, the Liberal leader, to impose unprecedented discipline.

"It is my belief," Mr Rodgers said yesterday, "that the Liberal leader is not exerting sufficient authority. Politics consists of leadership and politics consists of agreements, once reached, properly carried out."

"David Steel agrees — the question is whether David Steel is prepared to put his full weight behind it, and bring real discipline into the Liberal ranks."

Senior Liberal MPs were in trenchant mood yesterday, however. Mr Cyril Smith accused Mr Rodgers of "acting like an overgrown Unionist likely to back Foot."

Men & Matters, Page 14

CHANCELLOR'S NEW YEAR MESSAGE

Signs that the clouds are lifting

THIS TIME last year, I dared to predict that 1981 would see British industry more than holding its own. That modest prophecy (and when Chancellor's turn to prophecy, modesty is the better part of valour) has, I believe, been well vindicated.

The sad harsh tide of unemployment has continued to advance, here as elsewhere. That it has risen so much higher here than in some of our more successful neighbours is testimony to past follies, and the ingrained bad habits which those follies helped create. But whereas elsewhere it is continuing to accelerate, at least in Britain the pace is slackening.

And in other respects, the evidence of better times in store is beginning to accumulate. Notwithstanding the enormous losses in our international competitiveness in the previous five years, export deliveries have held up well this year.

The combination of some fall in the exchange rate and a much more moderate level of pay settlements enabled us in 1981 to recoup some of the ground we had lost. Partly as a consequence, manufacturing output began to recover from its low point in the spring, and the last two quarters produced a real and worthwhile upturn. Short-time working was down by a full three-quarters. Overtime and notified vacancies are now rising.

Looking forward to 1982 the path ahead is still beset with hazards. Output in the main industrial countries remains depressed, and only a moderate recovery is likely next year. Levels of public borrowing in many countries continue to pose a threat to interest rates; and (as our experience last summer showed) neither we nor any other advanced industrial economy can stand out for very long against the trend.

At home the progress towards greater sense in wage bargaining is still fragile, and if bargainers put a higher value on mechanisms than on the job security of those for whom they negotiate, both numbers on the payroll and services to the community are liable to suffer, as they have already done for so much.

Yet the clouds clearly are lifting. Across the world the battle against inflation is being won, following the striking and unusual unanimity of governmental response to the second oil "shock". The cost of essential commodity imports seems likely to help that.

It is only a few companies, though, that are likely to hinder the attainment of our domestic price objectives.

The Industry Act Forecast (and like the long-range weather forecasts of yore, the messages we obtain from our various "models" need to be treated with the respect they deserve, but no more than that) predicts a continuing growth in output over the next 12 months, most notably from the manufacturing sector.

The recent CBI surveys suggest a marked increase in our export order books, and the profitability of private

Rail overtime ban begins

By IVO DAWNAY, LABOUR STAFF

TRAIN DRIVERS begin a national ban on overtime and rest day working today amid criticism from the leader of the total-facing cancellation or delays.

The greatest disruption would be caused to inner London suburban services, particularly to Victoria and London Bridge.

The impact elsewhere would be worst affected by the ban, with up to 500 trains a day—10 per cent of the total—facing cancellation or delays.

British Rail warned last night that Southern region services would be worst affected by the ban, with up to 500 trains a day—10 per cent of the total—facing cancellation or delays.

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Continued on Back Page

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Call for common industrial policy

A COMMON European industrial policy is "desperately needed" according to Dr Wise Dekker, chairman of Philips, one of Europe's leading electronics companies.

Interpreted for the Financial Times by Jacques Jansz, published on pages 12 and 13, Dr Dekker criticised the trade barriers which protected much of the European electronics industry. These barriers were

Mr McGeevor said EEC production controls were likely to be "renewed" for some time to come, but normal market conditions would eventually have to be restored.

"This means other EEC steel producers have to reduce capacity as ESC has done," said Mr McGeevor. "It would be good to see some action soon. I believe the acid test will be what happens in Belgium."

OVERSEAS NEWS

Israel reacts coolly to Saudi recognition pledge

BY DAVID LENNON IN TEL AVIV

ISRAEL reacted coolly yesterday to a Saudi Arabian statement that Riyadh would be willing to recognise Israel if it withdrew from the Arab territory captured in 1967 and recognised the rights of the Palestinians.

Prince Fahd, the seventh of Crown Prince Fahd's eight proposals spoke of recognising the right of all states in the area to exist, but the Israelis have refused to believe that this included Israel.

Prince Saud insisted during his interview that the Saudi eight-point plan was still in effect despite its cool reception by more radical Arabs.

Malaysia urges unity against oil giants

BY OUR FOREIGN STAFF

Malaysia's Prime Minister, Dr Mahatir Mohamad, has called on the five-member Association of South-East Asian Nations (Asean) to join forces to break the monopoly of multinational oil companies in the region.

Poland purges 'corrupt officials'

BY OUR FOREIGN STAFF

POLAND'S military rulers have purged about 90 allegedly corrupt and incompetent senior officials since they seized power last month, according to Warsaw Radio.

The sackings, which included provincial governors and mayors, seem designed to persuade Poles that Gen Wojciech Jaruzelski's new administration is moving even-handedly against discredited Communist Party and establishment figures as well as the suspended Solidarity trade union.



should include all the members of the union's ruling praesidium.

The union, meanwhile, is to be slowly reorganising itself by the takeover in which of its best-known leaders swept up in the military security net.

There are reports of a growing flow of underground Solidarity leaflets urging resistance.

The establishment of a sacked in the Government include senior officials from the country's 49 provinces. Officials expelled from the Communist Party include many of agricultural co-operatives accused of failing to produce enough food.

Following reports that in gations were almost completely into alleged abuse of power by former Party leader, Mr Ed Giersek, the radio announced the weekend that one of the expelled officials, Mr M. Szczeranski, former state television chief, would be on trial tomorrow.

He has been accused of plotting illegally from his post.

The broadcast also claimed that about 5,000 union workers were still detained, although uncensored claims reaching the West put the figure as much as four times greater.

Official, censored reports in the Polish media continued over the weekend to give the impression that normality was being restored.

Some 2,000 workers were said to have turned up on New Year's Day to prepare the Lenin Shipyard at Gdansk for resumption of work today. The suggestion was that all resistance had ended.

Just before the weekend, however, local Communist Party officials described the situation in and around Gdansk and Szczecin as "still difficult."

Warsaw Radio also said that all Polish mines were working at full capacity and that in several areas more pit workers than could be employed turned up for work on Saturday.

The Wujek mine, near Katowice, where seven strikers were killed last month when the millifia moved in, was said to be nearing peak output again.

Warsaw television reported that five leaders of a steel workers' strike in Katowice had been fined and jailed for up to seven years.

The whereabouts and condition of Mr Lech Walesa, the Solidarity leader, remain unknown.

Unconfirmed reports reaching the West at the weekend, however, said that he was being held near the Interior Ministry in Warsaw and that he was insisting that he would not negotiate with the military unless the talks were held on neutral ground.

He was also said to be standing by his demand that the talks be full endorsement by the EEC of the sanctions, which include a ban on high technology exports and suspension of talks on new grain and shipping agreements.

It suggested in particular that there was little fear by Moscow over the future of the Soviet-European multi-million pound Siberian gas deal which involves particularly West Germany, Italy and France.

Shipments of U.S. pipeline equipment are affected by the Reagan sanctions.

Moscow has portrayed the U.S. sanctions against Poland as a gesture of anger by the Reagan Administration that a "counter-revolutionary" coup had not taken place there.

But it has been relatively reserved over the sanctions announced against it apparently waiting for Washington's allies to take up positions on the issue.

"The divisions that emerge the ranks of the Westerners in the wake of the Afghan-related sanctions in 1980 vided Moscow with a propaganda ammunition.

The Soviet Press yesterday kept up a barrage of charges against the U.S. Administration over Poland. Pravda accused the Central Intelligence Agency and other Western intelligence organisations of supplying forces in Poland that been on the verge of unleashing "fratricidal slaughter" when authorities had impeded martial law.

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Rakowski's son goes into hiding

WIESBADEN — Mr Artur Rakowski, 25, son of the Polish Deputy Prime Minister, Mr Mieczyslaw Rakowski, has gone into hiding in an apparent attempt to escape publicity after being reported to be seeking a new life in the West, police said yesterday.

Mr Artur Rakowski, his wife Anna, 22, and son Adam, two, had left the small Wiesbaden hotel in which he had lived for the past four months since leaving Poland, they added.

His decision to leave the hotel had been apparently prompted by a desire for privacy after reporters found him there.

He was quoted in West German and foreign newspapers as saying he had applied for political asylum in West Germany a month ago, and was hoping to emigrate to Australia.

He had not seen his father since leaving Poland. Mr Rakowski did not get in touch with his father, who visited Bonn for little more than a day last week to brief West German Foreign Minister Herr Hans-Dietrich Genscher, on the situation in Poland.

Reuter

Pravda discounts U.S. sanctions

BY OUR MOSCOW CORRESPONDENT

THE SOVIET Union indicated cautiously yesterday that it expects little West European support for U.S. economic sanctions against itself and the Polish Government.

The signal came in a commentary in Pravda, the official Communist Party newspaper, on the eve of a meeting of Common Market Foreign Ministers called to discuss the sanctions.

The paper suggested that there was great reluctance among the Ten to follow Washington's hard line.

"The West European allies are not, for the moment, hurrying to align themselves with the discriminatory measures of the Atlantic 'hawks'," Pravda said.

Analysts saw the comment as suggesting confidence by Moscow that there would not be full endorsement by the EEC of the sanctions, which include a ban on high technology exports and suspension of talks on new grain and shipping agreements.

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Warsaw devalues the zloty

WARSAW (censored) — Poland has announced a major devaluation of its currency, the zloty.

New Polish National Bank exchange rates published by the Communist Party newspaper Trybuna Ludu on Saturday said that one U.S. dollar would now have an official rate of 80 zloties instead of the former rate of 34.5 zloties.

The pound will now be worth 153.49 zloties on the official rate, instead of 65.62 zloties.

The devaluation follows an announcement by the State Price Commission 10 days ago which said the Government was proposing sharp increases in the price of food, fuel and electricity.

Reuter

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Reuter

Egypt's new deputy PM named

By Anthony McDermott in Cairo

EGYPT'S Prime Minister-designate, Dr Foad Hobeidien, has nominated Mr Mohammed Abdel-Fattah Ibrahim, governor of the Central Bank of Egypt, for the key position of deputy Prime Minister for economic affairs, the official Middle East News Agency said yesterday.

Observers were surprised by the nomination which was expected to be officially confirmed later.

This first Cabinet reshuffle since President Husni Mubarak succeeded the late Anwar Sadat last October, is expected to be partial, centring on the Economic Ministry.

Mr Ibrahim was formerly Minister of Social Insurance, but he had to retire because of ill-health. He has been governor of the central bank for the past six years, but has been known to have been wanting to retire from that post also.

Ghana coup leaders order officials to surrender

BY MARK WEBSTER

THE LEADERS of Ghana's New Year's Eve coup ordered senior members of the overthrown civilian Government yesterday to surrender if they did not guarantee that they would not report to an army base outside the capital, Accra.

The warning indicates that many members of the overthrown Government have gone into hiding. The order to report to the base, at Burma Camp, is an ominous reminder of the last coup led by Flt-Lt Jerry Rawlings in June 1979.

The base was then used as a prison where eight senior military personnel were kept until their execution.

News from Ghana is still limited to broadcasts on Radio Accra and it is not clear to what extent Flt-Lt Rawlings and his supporters control the country.

But in a broadcast on Saturday Flt-Lt Rawlings said he had suspended the constitution, dismissed the civilian Government and banned political parties.

The 34-year-old leader of the coup also launched a bitter personal attack on the civilian Government of President Hilla Limann who is reported to be under house arrest at the presidential administrative offices in Accra.

Accra is reported to be quiet despite earlier reports that some army units from the second largest city, Kumasi, were preparing to challenge Rawlings.

Dacca forces' role

Bangladesh's armed forces have strengthened their position with the setting up of a National Security Council with wide powers, Kevin Rafferty reports from Delhi.

Three service chiefs will sit on the council in Dacca with President Abdus Sattar, the Vice-President and the Ministers of Industries, Home Affairs and Finance.

Lieutenant-General H. M. Ershad, the army chief, deposed at the time of the Presidential election in November that the armed forces should be given a constitutional say in the running of the country.

Thousands of foreign workers in Singapore on temporary work permits will have to leave by the end of 1984 as part of a Government plan to build up a wholly local labour force in the next 10 years, Reuter reports from Singapore.

Mr Lee Kuan Yew, the Prime Minister, said only foreign workers employed in construction and shipbuilding would be allowed to carry on until the end of the decade.

President Chun Doo-Hwan of South Korea reshuffled his Cabinet yesterday "to deal with economic tasks more effectively," Reuter reports from Seoul.

The Prime Minister, Mr Nam Duck-Woo, was replaced by the president of the Korean Traders' Association, Mr Yoo Chang-Soon.

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Swiss industry outlook poor

BY JOHN WICKS IN ZURICH

PROSPECTS for the Swiss engineering industry in 1982 are "not good," according to Herr Artur Frauenfelder, deputy chairman of Suva Brothers. Writing in an annual survey published by Credit Suisse, he points to the present state of the markets in industrialised countries and the unsatisfactory forecasts for the future.

At the same time, there was a considerable rise in the Swiss franc exchange rate in recent months as well as acceleration of inflation in Switzerland. This was seen as hindering the necessary adjustment of sales prices with a corresponding effect on profits.

For 1981, Herr Frauenfelder says business was generally satisfactory, with foreign orders above what many companies had been expecting, but corporate earnings were not satisfactory, uncertainty as to the economy tending to prevent an improvement in sales prices.

The Swiss metals and machine-building industries together account for almost half of total merchandise exports. Engineering products also make up over one-third of all Swiss import value. Foreign demand and foreign competition within the industry are, therefore, of great importance for the development of the country's overall trade balance.

Reuter

Malaysia sets up first multinational trading company

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S first multinational trading agency has come into being following signature of a Government-approved agreement by four of the Southeast Asian nation's largest corporations.

The new agency, patterned after the Sogo-Shosha, Japan's giant trading houses, is to be called Nastra, and will have an authorised capital of Ringgit 110m (£26m).

Nastra becomes the first of what Malaysia hopes will be a nucleus of four or five trading houses. Among those envisaged are the Malaysia International Trading Company and Multipurpose Holdings, and talks are going on among major Malaysian companies to effectively turn these into trading agencies.

The initiative of forming Japanese-type trading houses came from Dr Mahatir Mohamed, the Prime Minister, who is impressed with the role of such trading houses, as Mitsui, Marubeni and C. Itoh, in helping Japan grow as a world industrial and trading power.

Two of the four corporations taking part in the Nastra venture are Petronas, the national oil company and Felda, the government's land development authority, owner of more than 1m acres of plantations and biggest producer of rubber and palm oil.

The other two partners are Malaysia Mining Corporation, world's biggest tin mining group, owning 38 of 54 tin dredges in Malaysia, and Kuala Brothers, a prominent Malaysian Chinese family group, whose interests range from ship building, hotels and property, and which dominates the sugar trade in Southeast Asia.

China adjusts tariffs

PEKING — China is raising import duties on machinery and equipment it manufactures and reducing tariffs on some material for light industry, the official Xinhua news agency reports.

The changes which became effective on January 1 are for 149 tariff items, 16 per cent of the total, it said.

The duty will be reduced on imported rubber, timber, products, leather, pulp, paper, raw material for the energy industry, some machinery and equipment, parts and accessories for light industry, and textile machinery.

AP-DJ

WORLD TRADE NEWS

BRITISH CONSULTANCY OVERSEAS

Coal expertise boosts foreign business

BY PAUL CHEESRIGHT, WORLD TRADE EDITOR

THE UK's consultancy sector is outstanding, said Mr John Biffen, the Trade Secretary. In 1980 its invisible exports were worth £900m. A tiny part of that sector is Coal Processing Consultants (CPC), whose strength is the knowledge of exploiting a traditional British energy resource.

CPC is a hybrid company. It has been set up to bring together the coal skills of the private and public sectors. On one hand there is the National Coal Board, the biggest coal producer in Europe, and on the other are Babcock International, the engineering group, and British Petroleum, one of the Seven Sisters of the international oil industry.

"Our marketing strength is the name of our parents," said Mr Gerard Grey, the CPC marketing director.

But, added Mr Bill Fribbance, the company secretary, "we offer independent advice, because we're not looking for downstream activity for ourselves."

For all that, the employment of CPC by an overseas client — or the employment of any other British consultant for that matter — can lead to manufacturing work for British industry.

"When we have a successful consultancy, it opens the door for UK manufacturers," noted Mr Fribbance. "If the preferred consultant is British, the preferred manufacturers will be British. That tends to be the case. The specifications written would be British."

But in the coal industry, CPC is only just beginning to spread its wings. With a permanent staff of 15 or 16 and drawing in expertise from its parent companies, it is offering to supply technology for dealing with coal "in any aspect from the time it reaches the surface," as Mr Grey put it.

Since the formation of the original company by the NCB and Woodgall-Duckham, now absorbed into Babcock, in 1976 — BP joined later — 50 orders have been won with a value of £1.2m. The target over the next 18 months is to generate £1.1m of business.

Although, CPC draws on an array of resources, its main competition is formidable and varied. The big process contractors like Bechtel or Brown and Root are sometimes prepared to do a study of a particular problem, which is cheap to the client, in the hope of winning the plant business later.

And there are a host of independent consultants, often retired experts, who work in a narrow field.

This has meant that CPC has to go out and search for business, a contrast with its early days. Then, the energy crisis had set off renewed interest in how to use coal, so that the company started off with high vigour on the basis of inquiries for the technology at its command.

It had an initial large contract with Nova Scotia Power in Canada, which is still running. This led to the establishment of offices in both Canada and the U.S., where CPC has done work for oil companies like Texaco, Sun Oil and Mobil especially in the anti-pollution area.

In all CPC has worked in 12 countries from Hungary to Colombia and from Australia to Zimbabwe. But the initial burst of activity tapered off. Only now is business beginning to pick up again.

This results from a change in marketing strategy. "I came into this organisation in a commercial role," explained Mr Grey, once with BP Shipping. "My logic was that we had not done a great deal of work in Northwest Europe which has a high energy requirement satisfied by imported oil." So that area became the first target.

Exporters at Work

Japanese watch sales rise but value falls

TOKYO — Reflecting strong demand from developing nations, Japan's export of mechanical watches expected to reach 37.2m units for 1981, ahead 12.3 per cent over the previous year.

In value, they will be down 0.5 per cent at ¥81.1bn (198m) said the Japan C and Watch Association. Provisional figures for the year show a rise in volume and value of analogue quartz watches reaching 27.1 million units, up 69.2 per cent, ¥203.6bn, ahead 70.2 per cent respectively.

But digital quartz watches have fallen either in volume and value, amounting 18.96 units, up only 0.7 per cent, and ¥77.1bn, off 8.9 per cent.

Meanwhile, clocks will be both in volume and value reaching 37.4m units, up 8.7 per cent and ¥55.4bn, 20.3 per cent due to a rise in prices and exports finished products.

The association also sees full output of watches 1981 to reach 106.2m up 11 per cent in value would be up only 8.3 per cent to ¥418.1 Agencies.

SHIPPING REPORT

Markets show little sign of improvement in rates

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SHIPPING MARKETS began the New Year with little hope of any marked improvement in rates, which have been depressed for some time in both the tanker and dry-cargo sectors.

Tanker-chartering activity has remained slack, while indications on the dry-cargo side are that business is likely to continue dull for some time.

According to E. A. Gibson, shipbrokers, some 24m dwt of tankers were laid-up in mid-December, slightly more than in the previous month.

Of this, over 16.5m tonnes was in the VLCC (Very Large Crude Carrier) category of more than 200,000 dwt, representing 82 ships, Gibson expressed surprise that the total bid for repairs there, risen by more than 1m dwt from the mid-November level.

"One can only conclude that owners are taking a lot more time to deliberate over whether to charter their vessels to what nowadays proves the costly exercise of immobilising tonnage."

But Gibson said its figures also showed that over 6m dwt of tankers being used for storage had been released back to their owners in recent weeks. Altogether, some 9.2m dwt is involved in the Japanese Government storage programme and a further 11.2m dwt used for storage elsewhere.

The return of tonnage to owners from storage, commented Gibson, "will naturally add to the tremendous surplus that already exists and, therefore, can only point to an accelerated rate of laying-up."

Reuter

Seychelles tourism rebounds sharply

VICTORIA — The Seychelles tourist industry, mainstay of its economy, has made an unexpectedly rapid recovery after the aborted coup of November 25, a Government Minister said.

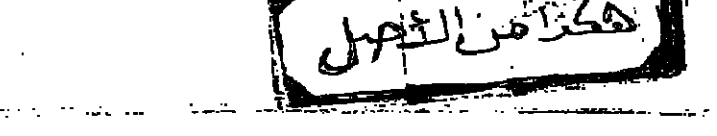
Tourism fell more than 50 per cent following the airport gun battle with invading mercenaries. Economic Planning Minister, Mr Maxime Ferrari, said, and "most of December was a disaster."

However, in the last week all hotels had been full and the Government now thought it unlikely tourism would sustain the 200m loss it had originally estimated.

Reuter

Table with 4 columns: Country, UNEMPLOYMENT, Dec '81, Nov '81, Oct '81, Dec '80. Rows include UK, W. Germany, France, Italy, Netherlands, Belgium, U.S., Japan.

Source: (except U.S., UK and Japan) Eurostat



FINANCIAL TIMES published on Monday, January 4, 1982. Subscription rates: £22.50 per annum (including postage) in the UK, £27.50 elsewhere. Single copies 5p.

Truck industry 'may never recover'

THE UK COMMERCIAL vehicle industry may never recover from this recession, DRI Europe, the former Economic Models for Europe group, says in its latest European Trucks report.

The UK continues to be the "black spot of Europe" both from the point of view of production and demand.

Although demand should be re-established at viable levels by 1983, the benefit to domestic producers is limited by rising import penetration.

The UK is expected to continue to be an expensive base from which to export so a reversal of recent losses of

Kenneth Gooding looks at a report which says Britain continues to be the black spot of West Europe from the point of view both of output and demand

export market share is unlikely, the report says.

This position is not caused solely by the collapse in demand at home and in Europe.

The industry failed to capitalise on the rapid expansion of overseas markets outside Europe in 1980 and 1981 so "alone among the major European producers faces double pressure from at home and abroad."

Historically the UK has exported a high proportion of its production outside Europe. Even in 1979—a year of weak demand abroad and following years of declining market shares—about 30 per cent of production was destined for markets beyond Europe.

One of the chief reasons for the failure to shift production to export is, of course, the growing cost disadvantages which UK producers have experienced since the pound assumed the role of "petro-currency," the report says.

Very high rates of increase in domestic costs have failed to be reflected in a commensurate weakening of the exchange rate. The gap between the UK and

Continental manufacturers' competitiveness on world markets widened very rapidly in 1980 and 1981.

"Thus UK salesmen found their German and Japanese counterparts able to export profitably at prices much below those they were able to quote. Leyland reported seeing the price of Japanese and German vehicles drop by as much as 11 per cent while British truck prices rose by up to 34 per cent.

"Not surprisingly a great deal of market share has been lost. Our forecasts suggest that much of this disadvantage in cost competitiveness in export markets will be retained."

The study indicates that much of the industry's fate lies with the multi-national producers which so far have remained more committed to their British commercial vehicle activities than to their car operations.

However, "the recent collapse of the market and strength of the pound must be shaking that resolve."

"As new models are introduced a greater integration in Europe or worldwide production—to the disadvantage of the UK—can be expected."

DRI says its forecast shows a bleak outlook for UK production, in spite of reasonable optimism for demand in the medium term. It predicts that output will rise by 14 per cent in 1982 to 284,310 vehicles following the 37 per cent drop in 1981 to 231,117. The next peak of production should be 288,972 in 1984.

The report covers seven European countries. It says the European truck industry will change rapidly in the next five or six years because there are too many manufacturers and too much capacity.

"The key strategy for survival is to look to exports as specialisation grows. Failure to increase export orientation will commit manufacturers to declining shares of flat markets."

"The truck market conforms to the archetypal picture of a highly competitive market—low growth, high number of sellers, low product differentiation. With such a demand scenario, the risks to participants in the market are high."

"European Trucks Forecast Report," DRI Europe, 30 Old Queen St., St. James's Park, London, SW1H 9HP. £400.

'Economic recovery should mean GDP rise'

By David Marsh

Modest economic recovery is expected to lead this year to a rise of 1.7 per cent in Britain's gross domestic product, after declining 2.5 per cent and 2.6 per cent respectively during 1980 and 1981, according to the Cambridge Econometrics forecast.

The recovery is expected to result from an end to the running-down of industry's stocks and a rise in export demand.

The forecasting group—the commercial arm of the Cambridge Growth Project at Cambridge University's department of applied economics—foresees no continuation of the recent rapid spurt in productivity.

Productivity is expected to decrease by 2.7 per cent across the economy as a whole this year. However, there is little prospect of industry ever achieving Japanese-style productivity growth. As the rate of redundancies begins to ease off, the rise in productivity is expected to slow dramatically and to increase at only 1.5 per cent annually from 1983 onwards.

Unemployment will pass the 3m mark early in 1982 and is expected to average 3.2m

Better days ahead for chemicals

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S chemicals industry is set for a major recovery over the rest of the 1980s, according to a report published today by Cambridge Econometrics.

Chemical companies, which have been particularly hit by the economic recession, can expect output to grow by over 30 per cent in the 1980s—faster than nearly every other manufacturing sector.

Increased exports should be the "main engine" of this recovery, says Cambridge Econometrics, the commercial wing of the Cambridge Growth Project—a 20-year research venture in Cambridge University's Department of Applied Economics.

Chemicals exports are forecast to grow by an average of just under 9 per cent annually over the next four years.

But chemical companies will also feel the impact of a slow recovery—beginning this year—

	UK CHEMICALS INDUSTRY GROWTH PROSPECTS						
	(annual % change)						
	1980	1981	1982	1983	1984	1985	1985-90
Home demand	-11.6	7.6	5.2	2.8	3.6	4.0	2.5
Exports	-4.2	-3.5	4.6	9.8	11.2	10.0	4.8
Total demand	-9.4	4.2	5.0	4.8	5.9	5.9	3.3
Imports	-13.0	6.7	13.2	5.8	9.9	10.0	4.1
Output	-7.9	0.8	2.6	4.5	4.7	4.6	2.2
Industry price	15.7*	11.2	11.5	11.5	5.5	9.6	9.4
Employment	-2.1	-4.3	-0.2	0.3	-0.1	-1.1	-1.9

* Price of home sales only.

Source: Cambridge Econometrics and Government statistics.

of the British economy and manufacturing base in general, says the report. As a result, chemicals production is expected to rise by 2.6 per cent in 1982 and at an annual rate of between 4.5 and 4.7 per cent in the following three years.

Statistics produced by the forecasters indicate that growth in output is unlikely to be accompanied by an overall increase in employment. The number of employees is expected to decline slowly for most of the 1980s as companies seek greater efficiency.

that the chemicals sector was one of the few manufacturing industries to recover last year from the drop in output experienced in 1980. Growth in output last year is estimated to have been 0.8 per cent, as against a drop of 7.9 per cent in the previous year.

Tap control 'could save hot water worth £30m'

BY MAURICE SAMUELSON

FOR THE past 18 months eight plumbers from Merseyside have carried on a campaign to cut energy bills by reducing the amount of hot water wasted in schools, hospitals and other public and private buildings.

They do so by inserting a cheap plastic cylinder into an ordinary half-inch tap, cutting

its maximum water flow from about 20 litres a minute to about five.

Hardly the last word in energy-saving technology, but it has been estimated that if universally adapted in non-domestic buildings these plastic tubes would save the country the equivalent of £30m worth of

hot water a year which at present goes down the drain.

The plumbers, working in four teams of two, are employed by Flow Control, a small Walsley company set up in May 1980 by Mr Michael Rice, 33, a heating and plumbing engineer, and Mr David Ellis, 37, a businessman who owns a chain of

garages. Mr Michael Lawson, 39, who was with the rates recovery department of Wirral Metropolitan Borough Council, has joined them as sales manager.

So far, the company has earned about £100,000 attending to 42,000 taps in the past year and a half.

Incomes policy 'essential for jobs'

By David Marsh

Some form of incomes policy, probably combined with devaluation, would be the essential for a return to full employment, according to Mr Terry Barker, an economist at Cambridge University.

In Lloyds Bank Review, he says alternatives to present policies—such as higher public sector investment and removal of the national insurance surcharge—are not enough.

The five-year \$24bn public investment programme put forward by the TUC would create only about 300,000 jobs by 1986. Removing the surcharge might add an extra 150,000 to 200,000.

Mr Barker says the only measure which would conceivably create much more employment under present economic strategies would be a depreciation of sterling.

He suggests an effective devaluation of 30 to 40 per cent in 1981-82, maintained over the next two years to generate an extra 1m jobs. Such a depreciation would have to take place without the offset of substantial extra wage inflation.

Scania buys its biggest distributor in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SCANIA, THE Swedish truck manufacturer, has acquired Scantruck, the largest distributor of its vehicles in Britain.

Mr Ray Fisher, the previous owner of Scantruck, was one of three dealers who introduced the Scania trucks to the UK in 1966 and built up his business so that it is probably Scania's biggest distributor in the world in terms of trucks sold.

He said the depressed state of the British truck market—down by more than half in the past two years—played a part in his decision to sell.

"I believe it will take another two years at least for the market to get back to reasonable levels. I am now 63 and, frankly, I did not want to go on working that long," Mr Fisher said.

Mr Fisher had turned down approaches from people who wanted to distribute other manufacturers' vehicles because he wanted Scantruck to con-

tinue as a Scania distributor. Scantruck covers the South East, East Anglia and most of the home counties.

Scania (Great Britain) said the purchase was consistent with the parent group's international policy of "limited involvement in the retail market. It is not the intention or policy of Scania (Great Britain) to extend its retail interests any further."

Mr Christopher Robinson, aged 39, has been appointed general manager and managing director designate of Scantruck and will work alongside Mr Fisher until the end of 1982, when Mr Fisher retires.

Mr Robinson moves to Scantruck from Malaysia, where he was general manager of Wearne Brothers automotive operations.

Scania has also taken over Road Trucks, its distributor in Northern Ireland, "to make sure customers get a continued backup service there."

This advertisement is issued in compliance with the requirements of The Stock Exchange. It is not an invitation to subscribe for or to purchase any securities.

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4th January, 1982

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In accordance with the provisions of the Notes and the Agent Bank Agreement between Salinas y Rocha, S.A., and Citibank, N.A., dated December 23, 1981, notice is hereby given that the Rate of Interest for the initial Interest Period has been fixed at 15 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, June 30, 1982, against Coupon No. 1 in respect of US\$5,000,000 of the Notes will be US\$395.94.

January 4, 1982

CITIBANK

By: Citibank, N.A., Agent Bank



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UK NEWS

Action on Gill payout considered

BY JOHN MOORE

ANGRY pension fund managers who have invested in Associated Communications Corporation...

come when Associated revealed losses of \$8m for the first half of its trading year...

On the possibility of legal action, one fund manager said: "We are obviously looking at the legal side, but it is a tough one for us."

in favour of the first resolution (a cash payment of £560,000 to Mr Gill) in respect of their personal shareholdings...

Rain and warm weather cause widespread floods

BY JASON CRISP

MANY PARTS of Britain were hit by bad weather again yesterday. There were floods in Cumbria, Gloucestershire and West Yorkshire...

evacuate 200 people from a housing estate near a canal. Conditions were easier in South Yorkshire.

Unions likely to back Foot at Labour 'rescue' meeting

BY MARGARET VAN HATTEN

MR MICHAEL FOOT, the Labour leader, is expected to win trade union backing this week in his attempt to prevent Mr Tony Benn from contesting the party leadership...

believed the meeting at Bishops Cleeve, Hertfordshire, would be "helpful" in ensuring that there is no contest this year.

Tight curbs on tobacco sponsorship unlikely

By Our Consumer Affairs Correspondent

THE GOVERNMENT is expected shortly to agree a new code of practice covering tobacco companies' sponsorship of sporting events...

Modest house-building recovery

BY MICHAEL CASSELL

A FURTHER modest recovery in private sector house-building is indicated this year, according to the House Builders' Federation.

It says a survey among 280 contractors which build about half of the new homes in England and Wales, shows that just over 70 per cent expect to maintain or improve their 1981 output.

potential buyers remain the main constraints on demand for new houses. The third influence, according to the federation, is concern about mortgage repayments.



NEW HEADQUARTERS location at NORTHAMPTON

The Lummus Company Limited is moving from London to Greyfriars House in Northampton, to allow for future growth.

As from January 4, 1982, our headquarters address will be

P.O. Box 41, Greyfriars House, Lady's Lane, Northampton NN1 3HZ.

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FINNISH MUNICIPAL LOAN OF 1982 issued by Land and Industrial Mortgage Bank Ltd, Finnish Real Estate Bank Ltd, Industrial Bank of Finland Ltd. Includes logos and bank names like Berliner Handels- und Frankfurter Bank, DG BANK, etc.

Silkin Rock talks

MR JOHN SILKIN, the Opposition defence spokesman, is to visit Gibraltar this week for talks on the Government's decision to close its Royal Navy dockyard next year.

Prescriptions waste

ONE PATIENT in five does not collect the medicine the doctor has prescribed, a survey has revealed. Lower-income manual workers were the least likely to redeem prescriptions...

Steel factory ready

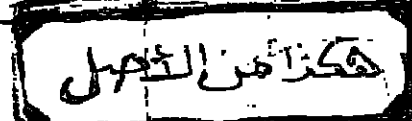
CLEVELAND Bridge and Engineering's £26m structural steelwork fabrication factory at Darlington, County Durham, is due to come onstream this morning, four months ahead of schedule.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 31 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates.

Table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists various countries and their exchange rates.

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rates per pound. ‡ General rates of all and/or bilateral agreement with Egypt and who are not members of IMF. (U) United rate. (E) Export, non-essential imports and transfers. (N) Now one rate.



UK NEWS - LABOUR

ASTMS accuses rival of unfairly recruiting insurance workers

By Brian Groom, Labour Staff

A NEW inter-union clash is brewing in the hard-fought campaign to represent insurance workers. The Association of Scientific, Technical and Managerial Staffs claims there is a "growing prima facie case" that the rival Banking, Insurance and Finance Union is breaking TUC rules on recruitment.

TUC urged to defend part-timers

By Ivo Dawson, Labour Staff

THE National Council for Civil Liberties has asked the Trades Union Congress to act quickly to defend the rights of part-time workers threatened with redundancy. The council claims that all redundancy agreements between trade unions and management that discriminate against part-time workers have been ruled illegal and should be renegotiated.

Farm men likely to vote for merger

By Ivo Dawson, Labour Staff

MEMBERS of the 85,000-strong National Union of Agricultural and Allied Workers begin balloting this week on the proposed merger with the Transport and General Workers' Union.

merger is likely to be accepted. Results of the ballot are due on January 26. In a letter to members, Mr Jack Boddy, NUAAW general secretary, gives assurances that farm workers will continue to negotiate independently on policy and pay bargaining through a new TGWU vehicle.

NOTICE OF REDEMPTION

To Holders of Azienza Autonoma Delle Ferrovie Dello Stato

34% Shaking Fund Bonds Due 1986 Direct and Unconditional General Obligation of The Republic of Italy

Table with columns for bond numbers and amounts, listing various bond identifiers and their corresponding values.

The above numbered bonds will be redeemed at the principal offices of the Fiscal Agency, Chemical Bank in New York City...

London rail map updated

A NEW edition of the "London's Railways" poster map with diagrams of Underground and British Rail networks has been published by London Transport.

The map is being posted at more than 900 British Rail and Underground stations.

APPOINTMENTS

NatWest chairman joins NEDC

Mr Robin Leigh-Pemberton, chairman of National Westminster Bank, has been appointed a member of the NATIONAL ECONOMIC DEVELOPMENT COUNCIL. He succeeds Sir Jeremy Morse, chairman of Lloyds Bank, who has served as one of the Confederation of British Industry's six-strong team on the NEDC for the past four years.

Mr Leigh-Pemberton became chairman of the National Westminster Bank in April 1977. He was appointed to the Bank's south-east regional board in 1970, joined the main board in 1972, and became a deputy chairman in 1974.

Mr David R. M. Carnegie is appointed director of BROWN-LEE from January 1.

Mr M. J. Ware, Department of Industry, has been appointed to succeed Mr K. A. T. Davey as solicitor and legal advisor to the DEPARTMENTS OF THE ENVIRONMENT AND TRANSPORT.

Mr Rudolf Wolff and Co states that Mr F. F. Wolff, retires as chairman on December 31 and Sir Peter Gadsden has been

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Table listing various financial events, company meetings, and dividends for the week of January 4-10, 1982.

UK TRADE FAIRS AND EXHIBITIONS

Table listing UK trade fairs and exhibitions, including dates, titles, and venues.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing overseas trade fairs and exhibitions, including dates, titles, and venues.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing business and management conferences, including dates, titles, and venues.

Advertisement for Provinsbanken, featuring the text 'We are pleased to announce the opening of a Branch in New York' and contact information for the New York branch.

Advertisement for Financial Times Conferences, listing various international conferences and seminars, including 'The Euromarkets in 1982' and 'World Motor Conference'.

TECHNOLOGY

EDITED BY ALAN CANE

Atlas Copco
Compressed Air Technology

Year when computers become the 'experts'

TECHNOLOGY is at the blunt end of discovery. By the time a technological product or process is ready to market, the science on which it is based is old hat and the sharp corners have been refined away.

So, compared with pure science, "surprises per megabuck" are few. The money has to be spent—woe betide the firm that cuts its investment in research and development—but true technological breakthroughs—the invention of the transistor, the insertion of a foreign gene into the hereditary material of common bacteria, the intestinal tract—are few and far between.

Technology tends to substitute the buzzword for the breakthrough. This year is of course, Information Technology Year, the UK's somewhat belated effort to pay due attention to what is becoming the dominant technology of the late 20th century, but Information Technology is itself a buzzword, difficult to define except in the most general terms.

It is agreed, however, that it is to do with the application of computer techniques to the collection, assimilation, processing and distribution of information. The computer industry itself is rich in buzzwords.

Network

Some years ago the "in" phrase was distributed processing, the idea of distributing computer power through a company rather than locking it away in a data centre. Then there was convergence, the coming together of computing, telecommunications and office systems. Last year, the phrase was the LAN, the local area network.

Once you had distributed your computer power through your company by adding intelligence to office machines all that computer had to be tied together, somehow. The LAN was the proposed answer.

This year's buzzwords? My money is on "expert systems" and "flexible manufacturing systems."

Expert systems can hardly fail to make news to judge from the number of conferences, seminars and articles already devoted to the topic.

The principle is best illustrated, perhaps, by the oldest computer joke of all. It concerns an FBI audit by an international team of computer engineers (FBI is an American buzzword I learned from an IBM salesman: it stands for fancy big computer).

The engineers pour every scrap of human knowledge into their masterpiece and, searching for a suitable benchmark, ask it: "Is there a God?" It replies: "There is now." What the engineers had created was the ultimate expert system.

Initiative

The idea is that rather than using conventional techniques to apply computers to problems—systems analysis followed by computer programming—the computer itself is used to sift out the best solution to the problem from all the expert information available.

Experts systems originated in artificial intelligence research. The concept has been around for a few years now but what has given it a dramatic push forward has been a Japanese initiative to create designs for the "fifth generation" of computers, thereby wresting the lead in computer technology away from the U.S.

The Japanese plans are ambitious and costly: it could take 10 years and cost US\$ 400m according to U.S. estimates.

Has the UK any role in the development of expert systems and the computers to run them? Fortunately, yes. Despite a misguided retrenchment in funds for artificial intelligence in the early 1970s, the UK has a number of university centres working on machine intelligence and on parallel processing—computing where several streams of information are processed simultaneously rather than in the strict linear sequence used by most machines today.

The Japanese are looking for collaboration in the development of the "fifth generation"; with the forging of new links in information technology between the UK and Japan (Mitsui is selling

the Sinclair ZX81 in Japan; ICL is selling Fujitsu chips in its biggest machines) the new possibilities are enormous.

The Japanese are also leaders in flexible manufacturing systems—basically defined as the "robot factory."

The principle depends on dividing a manufacturing production line into a number of discrete units or "cells," each with two or more computer-controlled machine tools serviced by a robot.

Because the machine tools and the robots are programmable, it is possible to develop manufacturing systems able to turn out a wide variety of manufactured items—and switch from one kind of product to another very quickly.

The logical conclusion for this kind of system is to link in the design and costing phase—computer aided design to create a virtually unmanipulated manufacturing system.

Some years ago, the only hint of a UK presence in robotics was Hall Automation, now part of GEC. Now, a number of UK firms are either building robots or selling foreign devices.

Fairey, for example, is selling a range of Italian robots while GEC has formed a subsidiary, Factory Automated Systems Technology, to co-ordinate its flexible manufacturing activities.

Earlier last year, Tube Investments, one of the UK's principal manufacturing groups, and Taylor Hitec, a small robot builder, announced they were pooling expertise to attack the flexible manufacturing system market.

And companies such as Kearney and Trecker Marwin, part of the Vickers group, offer both the machinery and advice for companies dipping their toes in FMS waters.

But what of biotechnology, the new wonder industry? No buzzwords for 1982 from that quarter? Perhaps it is simply that "monoclonal antibody" or "RNA polymerase" simply does not roll so trippingly off the tongue as "factory of the future" or "electronic brain."

What is more likely is that the discipline is simply not so ready for the harsh glare of publicity as was the information technology business.

Return

By the time the tidal wave of media coverage hit the silicon chip, it was already well developed and its applications were understood and documented.

The products of the bio-engineering industry are neither so well developed, nor their significance so obvious. A whole host of companies, including in this country Grand Metropolitan, the Prudential, Midland Bank, British and Commonwealth Shipping, Davy Corporation, Allied Breweries and CJB have staked a claim on the biotechnology future, but they may have a long wait to see a return on their money.

So much for the year's glimmering technologies. What of the rest?

The car industry will continue to try to make its products more cheaply—Fiat last year installed robots for engine assembly in addition to its much publicised body welding operation.

It will also continue to work on cutting energy and maintenance costs. Computer aided design techniques will be increasingly employed to capture the most aerodynamic body shapes; plastics and other, high-strength, low weight materials will be used increasingly for the body panels.

Novelties, such as the Cadillac reviewed on this page last year, which could run on four, six, or eight cylinders according to road conditions and Ford's gas turbine powered car will assume increasing importance.

In the motorcycle world, it will be interesting to see how Honda's turbocharged machine performs in the market place as opposed to the test track.

Simulator

Companies seeking raw sources of energy will, increasingly, use sophisticated technology. Last year Shell and Esso collaborated in the development of an undersea oil production system complete with a maintenance robot which could revolutionise the extraction of oil from the North Sea.

Phillips Petroleum developed a method based on acoustic measurement, underwater television, mooring winch data measurement and docking pipe displacement measurement to position a 100,000-tonne concrete and steel platform above a series of wells already drilled with an accuracy of 6 inches in 314 feet.

But if you have no oil drilling rig but want to try your hand at controlling the roughest of the wind gusts to gale force, you can always buy a rig simulator from Rediffusion.

This was the year when simulators—mock-ups of aircraft, ships, helicopters, drill-

ing rigs run by a computer and providing realistic sound, vision and instrumentation really came into their own.

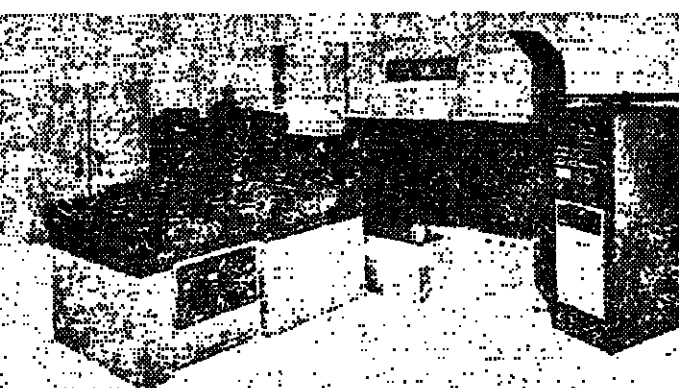
Long used for training pilots, the quality of the visual images produced by the simulators are so excellent, and the cost of training students on the real thing so prohibitive that Rediffusion and its competitors look as if they will have full order books for months building replicas of a variety of machines.

It was also the year when the Alice in Wonderland aspect of digital electronics made itself plain. Nothing is ever what it seems once it is run by a computer.

A voltmeter is no longer a voltmeter, it is a small computer pretending to be a voltmeter; a television set is no longer a television set, it is simply a computer feeding images to a screen.

There is no reason why every gadget running off a microprocessor should not display the time, date and so on. Video cassette recorders do so as a matter of course; Casio builds a time display into one of the cheaper of its electronic keyboard instruments.

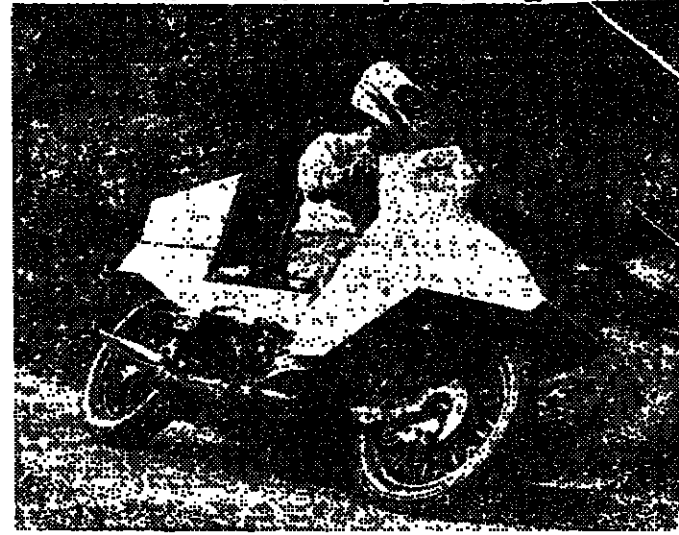
One thing I can guarantee is that the software crisis, the problem of getting efficient instructions written to run all those computers, large and small, will get worse rather than better.



THE Whitney Panelmatic 661 CNC fabricating centre and (below) the KTM CNC multi-headchanger unveiled at Hannover.



FIAT's all-plastic car is expected to have a life of 20 years. Below: an Australian-designed Booleroo, perhaps the answer to moribund motor-cycle technology.



WHAT IS Information Technology? A bottle of champagne for the most original definition received here by January 12. FI staff are not eligible to compete, neither is Kenneth Baker, Minister of Information Technology.

Only last week the Science and Engineering Research Council, the Government body charged with funding research of timeliness and promise in British universities and polytechnics set up a group to study the problem.

The Japanese, long behind in software techniques, are now making great strides so nobody in the information technology business can afford to be complacent.

Software productivity, at present an esoteric industry expression, could become one of the buzzwords of 1982.

These days, you've just got to look at the bright side.

There's no better way to spend this cold, dreary winter than watching Thames Television's terrific line-up of programmes.

For a start, on our light entertainment side is *Let There Be Love*. Paul Eddington stars as a confirmed bachelor, who to the bewilderment of his best friend Henry McGee, decides to marry the beautiful and intriguing Nanette Newman appearing in her first ever comedy role.

There are plenty more laughs in store with *Don't Rock The Boat*. Nigel Davenport succeeds in disrupting his well-ordered all male family boat-building business when he brings home a showgirl, the vivacious Sheila White and proposes marriage.

And of course old favourites Benny Hill, Jim Davidson and Shelley return to keep you laughing. While Eric and Ernie take a revealing look at some of the great comedy duos of all time in a one hour special with Alan Whicker.

When the laughter dies down, relax and enjoy our first rate drama season. Laurence Olivier and Alan Bates star in *Voyage Round My Father*. It's the true inspiring life story of the author, John Mortimer's relationship with his tragically blinded father.

Something else you'll be sure not to miss is that devilish double-act Dennis Waterman and George Cole back in an all new action-packed series of *Minder*.

Of course, no Thames winter would be complete without a fabulous selection of films. The season starts with a brand new Best seller, *The Star Maker*, starring Rock Hudson and Suzanne Pleshette. The compelling drama of a Hollywood Director with a unique style for turning beautiful faces into overnight sensations.

Amongst the great feature films to look forward to is *Ryan's Daughter*. Set in rural southern Ireland, Sarah Miles, Sir John Mills, Robert Mitchum and Trevor Howard star in David Lean's Academy Award-winning motion picture.

And two of Hollywood's biggest names Barbra Streisand and Robert Redford star as the ill-matched lovers in the British Television Film Premiere of *The Way We Were*.

This is just the start of a great entertainment season ahead. So cheer up! Isn't it good to know that there is a bright side this winter?



ERA TECHNOLOGY
3rd Battery Seminar and Exhibition
LONDON 14 JANUARY
HOW TO CHOOSE THE RIGHT BATTERY
for tickets ring Michael Webb
Leatherhead 74151 Ext 280
ERA Technology Ltd., Cleeve Road,
Leatherhead, Surrey KT22 7SA.

BUILDING AND CIVIL ENGINEERING

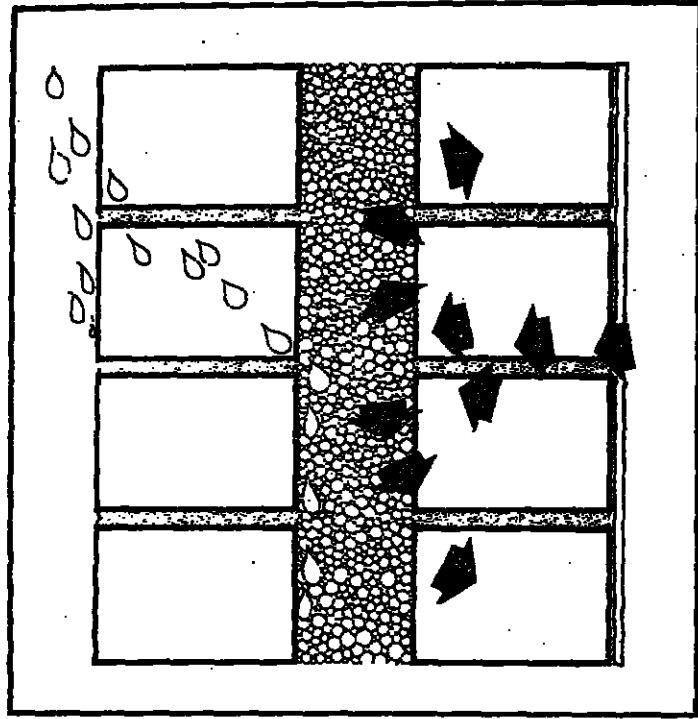
Walling out the cold

BY DEBORAH PICKERING

UNLIKE double-glazing, storm porches, satin-aluminium sliding patio doors, a householder's investment in insulation is no tribute to the keeping-up-with-the-Joneses battle. It is unheralded, unseen and only of benefit to the house occupants' comfort—a secret status symbol.

applying insulation to a 12,000 square metre wall area, the LEB's primary aim is to provide stable and evenly distributed temperature within the building that would be unaffected by outside weather conditions.

dry methods because the Thermocomfort rigid, self-draining structure will not settle or spill out if either wall leaf is breached.



The particular structure of the Shell cavity wall insulation bonded bead system allows the cavity to breathe and moisture to drain away.

Cuts fuel bills

Apart from preventing heat loss, the system is designed to cut typically a quarter off household fuel bills. Centred around an adhesive bonded polystyrene bead fill developed by Shell in Holland, the beads are carefully controlled in size in the UK factory, and their spherical shape and lightness (they have a honeycomb structure) ensures penetration into any cavity to give uniform density and insulation performance.

Installation is carried out by a two-man team injecting the expanded beads, called Thermoparis, into the wall with a compound, both bonded together in a simultaneous operation. Within 48 hours the insulation settles into a solid block (except that there are millions of tiny pockets of air entrapped) and, because of the way the beads are bonded, damp cannot penetrate.

No competitive tenders

THE HEATING and Ventilation Contractors' Association is asking the Secretary of State for the Environment to look into the circumstances under which Bournemouth Borough awarded a £2.4m contract to the subsidiary of a Dutch company without competitive tenders having first been invited from British contractors.

HVCA as "disturbing." Association members in the south of England are wondering whether the Bournemouth action heralds a new policy of inviting British companies to tender only for small contracts—leaving the big, and potentially more profitable, projects to foreign competitors.

Tarmac wins £16m

MAJOR WORKS at the National Coal Board's Grimthorpe Colliery, South Yorkshire, is the largest award won in a new batch of work, with a total value of £16m, just announced by Tarmac Regional Construction. The NCB project is for civil engineering works, is scheduled to take just under two years, and is valued at £7m.

A factory and offices at Wolverhampton for James Gibbon (Format) is worth £342,000, and factory units and external works at Longbenton, Tyne and Wear for English Industrial Estates brings in another £313,000.

Other schemes are an estate road and drainage at Killingbeck, Leeds for the City Council (£262,000); sewers, pumping main and road at East Chevington, Northumberland for the Northumberland Water Authority (£281,000); and a single-storey workshop, alterations to garages and site works at Seacroft Hospital, Leeds for Yorkshire Regional Health Authority (£245,000).

The housing division of Tarmac Regional Construction has secured two local authority modernisation contracts. These are for 60 homes at Ashby, Leicestershire for North West Leicestershire District Council, worth £581,000, and another 59 at Mosborough for Sheffield Metropolitan District Council (£306,000).

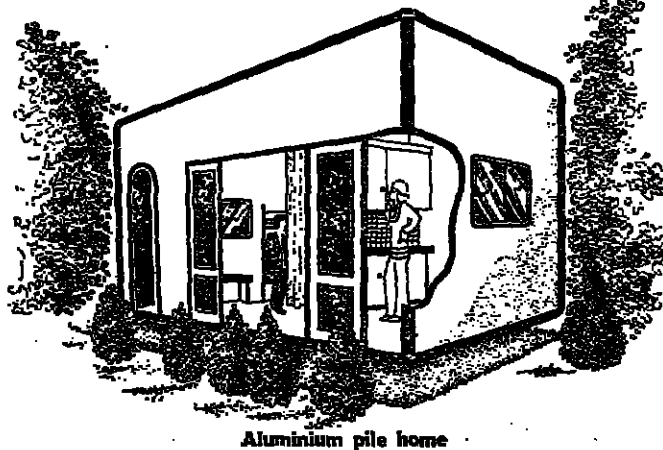
A place in the sun

A HOUSE designed for the American astronaut, James Irwin, gave a Dutch architect the idea for the "astro-unit," a structure which is built around a single column and can be rotated so that it always turned towards the sun.

The living unit is mounted on a metal column which has a load capacity of 80,000 kg—more than adequate to bear two or more units regardless of type of ground or gradient.

The layout gives way to a number of variations not necessarily confined to housing purposes, and the forerunner has a floor and roof thickness of 100 mm (K value 0.25), with walls 50 mm thick (K value 0.50).

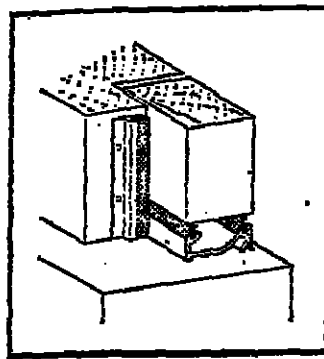
It is being marketed as a building kit in conjunction with the maker of the building materials, Heijvo of Wollega. More from the architect: D. Voorhaar, Vermeersstraat 131, 3817 DD Amersfoort (Netherlands) telex 79261.



Aluminium pile home

What's new in building

MADE from a special low profile aluminium extrusion is an all-weather double sealing door sill with two flexible seals which tighten together as wind pressure rises and will not affect the easy opening or closing of the door, says Slottless, Brook Street, Tring, Hertfordshire (044 282 5363).



Double seal threshold sill

Fitted beneath the door, the two seals are so arranged that increasing wind pressure strengthens the pressure of the rubber seals against the door.

Called Exiter, the sill is said to be easily fitted either in new building or renovation work, whether the existing door sill is wooden, brick or concrete. The extrusion is simply bedded upon mastic or cement and held down by special fixings into the door frame at each end.

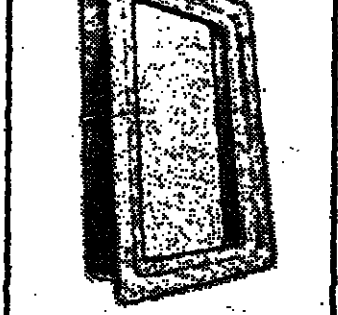
There are no fixings on the door itself and the ugly and inconvenient weather drip,

often needed on the outside of the door, is now unnecessary. DEVELOPED for installation on offshore rigs and platforms is an anti-fire safety window from A/S Metallvarefabriken of Norway which says it is the only shutterless A-60 window approved by Lloyds Register, Det Norske Veritas, American Bureau of Shipping, and Norwegian Maritime Directorate.

Specially evolved glass withstands substantial water pressure, at the same time stopping, flames, heat and smoke and reducing noise levels, also providing a safety observation window.

In the event of fire, says UK agent Fuglesang, a fire protection coating develops between the sets of glass to fully insulate the room from flames and smoke.

More on 01-930 1435.



Shutterless fire-fighter window

Hunting Gate 4444 More than 100 builders (0462) 4444

Plant by push button

BUYERS AND sellers of new and second-hand contractors plant will be able to see at a glance what is available, at what price, throughout the world, with the introduction next month of a system from Computable, P.O. Box 25, Brentford, Middx (01-938 6452).

Plant dealers, makers, hirers, contractors and estimators around the globe can have a direct link to the computer through their own standard international telex or remote printer/visual display unit. Computable offers a two tier inquiry service: one produces a list of available plant from about 250 categories, enabling comparisons of cost and models; the second stage gives detailed information of any specific piece of plant including its seller's name and address.

All items of plant, together with a full description and name and address, can be registered on the computer within the UK for 88 pence per 30 days. The cost of each inquiry varies from country to country, but in the UK it will be 75p per minute on line to the computer.

Around the industry

SOUTHWARK COUNCIL has reaffirmed its backing of the £200m Lysander Estates scheme for the 120 acres of Surrey Docks which it feels is vitally important to the people of London, creating up to 8,000 new jobs and providing money for the development of public housing there—probably the only means by which the latter can be achieved in the present financial climate.

The expression of confidence in the project followed reports that the GLC (joint owner of the site) was having second thoughts. A final contract with the development consortium is scheduled for signing next month.

The company took the fundamental decision in 1978 to decentralise its activities in order to create separate profit centres that would become clearly identified with the locality in which it worked. Since then it has gradually and purposefully been restructured and developed to achieve this objective and, says Wiltshiers, the growing strength and size of the regional offices in London, Winchester and Kent now justifies the creation of the locally based subsidiary companies.

MRS MOP has come a long way from the cartoonist's image, says the organiser of the Cleaning Maintenance and Buildings Management Exhibition to be held March 30-April 2 at the NEC, Birmingham. More than £40m is spent annually on cleaning work, by both direct labour and contractors, throughout the UK, and

£1m of this is spent by government. This year's exhibition, called European 82, will bring together all sections of the cleaning industry the world over and display the latest machinery, accessories, equipment, workwear, washroom products, pressure washing equipment, dry and wet floor mops and ancillary equipment, window cleaning tackle and specialist cleaning chemicals. Further details from John Lock, Turret Press, 886 High Road, London N12 (01-446 2411).

THANKS TO the increased use of stainless steel in the construction industry—and business expansion—George Clark (Sheffield) announces it has now opened a sales and service office at Horton Close Industrial Estate, West Drayton, Middx. (089 54 46823). This is managed by Mr David Bradley.

CONTRACTS AND TENDERS

GRAVELINES (59) FRANCE AVIS D'APPEL DE CANDIDATURE INTERNATIONAL POUR LA REALISATION D'UN AVANT-PROJET SOMMAIRE DE FERME PILOTE D'AQUACULTURE MARINE (3200m2) UTILISANT LES EAUX CHAUFFEES DE LA CENTRALE DE GRAVELINES

BOND DRAWINGS

NOTICE OF REDEMPTION EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.) U.S.\$50,000,000 7 3/4% U.S.\$ Bonds 1974-89 Due 1st February, 1982

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS ISSUED IN FUJITEC CO., LTD. Further to our Notice of September 25, 1981, EDR holders are informed that Fujitec Co., Ltd. has paid a dividend to holders of record September 30, 1981.

TANKS CONSOLIDATED INVESTMENTS P.L.C.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS ISSUED IN OKUMA MACHINERY WORKS, LTD. Further to our Notice of September 16, 1981, EDR holders are informed that Okuma Machinery Works has paid a dividend to holders of record September 30, 1981.

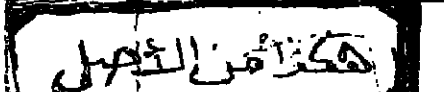
BOLTON METROPOLITAN BOROUGH SITE FOR SUPERMARKET WESTHOUGHTON TOWN CENTRE Minimum Development — 30,000 square feet Maximum Development — 50,000 square feet Site Area — 6.78 acres approx.

ANNOUNCEMENTS THEATRES SARDINI'S THEATRE: THE AMAZING TECHNOLOGICAL DREAM... STRANGERS IN THE NIGHT: THE WORLD'S MOST FRIGHTENING... TALK OF THE TOWN: THE 1974-75 SEASON...

COMPANY NOTICES MURATA MANUFACTURING COMPANY LTD. (CIB) The interest rate applicable to the above Notes in respect of the three months period commencing 4th January, 1982, is 14 1/2% per annum... LEUMI INTERNATIONAL INVESTMENTS N.V. US\$20 million Guaranteed Floating Rate Notes 1981 Series "A"...

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN NIPPON FIRE & MARINE INSURANCE CO., LTD. Further to the Notice of November 13, 1981, we are now pleased to inform EDR holders that the company has paid a dividend to holders of record November 30, 1981.

NOTICE OF PURCHASE EUROPEAN INVESTMENT BANK 9% DOLLAR NOTES OF 1978 DUE DECEMBER 15, 1982

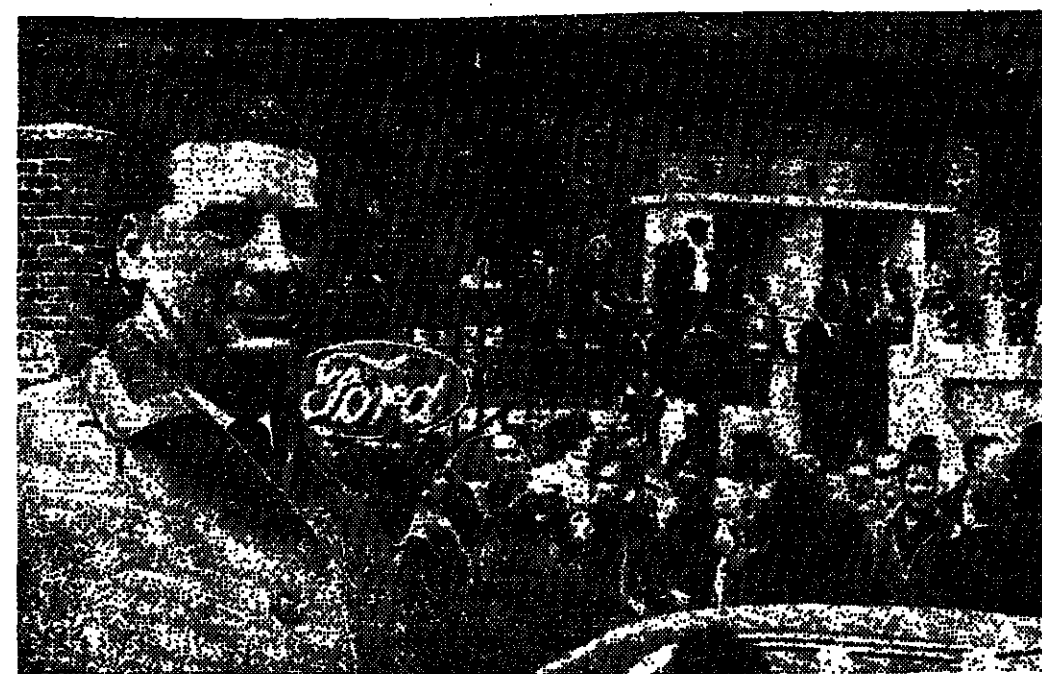


THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The long hard road to industrial harmony

Bob Ramsey, former Industrial Relations Director of Ford UK, and the new President of the Institute of Personnel Management, advocates a fresh approach to labour relations



Bob Ramsey: "There is a serious lack of understanding of the economic consequences of the employee's actions on short-term profitability and on a company's longer-term reputation with its customers"

FORD IS a first-class business school - particularly for industrial relations directors. The employee relations issues are complex and the problems facing industry as a whole, both public and private, are similar.

I became painfully aware that the need was not just to change attitudes and behaviour in Ford, but in the total national environment of which we were a part.

We have a painfully fragmented society and workforce. Despite the recession, and even more so during economic upturns, those in employment have immense power to disrupt business operations and the economic life of the nation at little short-term cost to themselves.

Technological advance, the integrated nature of modern business, and the inter-dependence of us all in modern society, place such power in the hands of innumerable small groups of workpeople, particularly in the public utilities and in transport and distribution.

Trade unions are too weak to perform their essential role of acting as representatives of organised labour. Their weakness stems first from the fact that the sectional power of their members does not normally need the formal support of a union, or of its wider membership, to pursue their aims.

parochialism is the greatest problem facing British society and management in the 1980s because the paramount need in an interdependent industry and society is for an ever greater degree of harmonious team working.

Sophisticated employers do not, in practice, tend to look to the courts to handle their problems. This is partly because use of the courts can severely damage relationships with employees and unions, and partly because the lack in Britain of written agreements with sufficient precision to be capable of enforcement makes legal action impracticable.

Finally, I believe that management, while working relentlessly to achieve international competitiveness, must collectively plan to tackle unemployment. It needs to be able to estimate the kind of employment levels that will result from the co-operation it seeks, thus establishing what the residual problem is likely to be and what consequent national plans and resources are needed to tackle it.

Detriment of interests

Very moderate men and women join the trade-union movement for the protection and benefits provided by collective strength but, having done so, they ally themselves with the members of their sectional interests groups.

This fundamental weakness, to which all trade unionism in the free world is potentially prone, has in Britain been exacerbated by a lack of recognition by the trade union movement that the resurgent disorganised labour movement has wrecked Britain's reputation as a reliable supplier of goods and services.

This lack of perception has led in turn to the perpetuation of the practice of excusing breaches of procedure agreements, and to the persistence of the tradition of maintaining highly emotional opposition to strike-breaking, irrespective of the unconstitutionality of the strike action, the damage it causes, or the triviality of so many of the issues that provoke it.

In addition, the multiplicity of unions dealing with a single employer and the intense competition for membership and influence has weakened the resolve to exercise leadership.

Management abstracts

Executive stress. F. B. Mickel in Management Accounting (U.S.), Apr 81: p. 15 (8 pages, biblog.) Explores the nature of executive stress; focuses on workaholics who appear to welcome stress but who may push themselves into ill health; describes steps that companies and individuals can take to reduce harmful stress. Written by a self-styled 'workaholic' who suffered a coronary.

Using consumer issues for competitive advantage. B. W. Becker in Business Horizons (U.S.), May/June 81: p. 43 (5 pages) Taking pollution as an example, describes how companies can respond to consumer issues through product, pricing, distribution and promotion strategies which at the same time improve competitiveness.

Holidays in industry. E. May in Manager Magazin (Fed. Rep. of Germany), May 81: p. 51 (2 pages, in German, English version available) Demonstrates that although German industry is actively thinking about how to phase in the ever-growing holiday entitlement of employees, no single solution has emerged or is on the horizon.

To readers of the Financial Times - a Special Offer! Don't make an expensive mistake by choosing the wrong computer for your business. Our Guide to Small Business Systems (normal price £24), together with WHICH COMPUTER? each month (normal subscription rate £12) will tell you all you need to know about choosing and using small business computers.

A computer, yes, but which one? You'll be living with the computer you choose for a long, long time. Make sure you make the right decision. The Which Computer? Show lets you check out the new technology to benefit your business, all under one roof at one time.

MAI computers Black Arrow House, Chandos Road, London NW10 5NF Tel: 01-955 9731 See us at the Which Computer? Show.

WORD PROCESSORS WANTED Top prices paid for good used machines AUTOTYPE Hayward Heath (0444) 414484

U.S. \$ 70,000,000 S.F.E. INTERNATIONAL N.V. (Incorporated with limited liability in the Netherlands Antilles) GUARANTEED FLOATING RATE NOTES DUE 1988 Unconditionally and irrevocably guaranteed by SOCIÉTÉ FINANCIÈRE EUROPÉENNE - S.F.E. LUXEMBOURG

INTERNATIONAL CORRESPONDENT BANKING The changing role of the correspondent banker and the international transmission of funds is a major topic under discussion and scrutiny by banks and treasury finance officers worldwide. The Banker, in the February issue, will be analysing the developments and changes taking place and how the international banks are meeting the increased competition for correspondent business.

How much would you pay to find the right location? How about 14p To find out why Newport could be your ideal working environment - to find out about sites, grants, labour, communications that are pretty remarkable - just fill in the coupon. We'll send full details by return. Getatable NEWPORT The 10 minutes from anywhere town.

TELEVISION

BBC 1
11.15 am See Hear! 11.40 The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon. 1.00 Pebble Mill at One.

Chris Dunkley: Tonight's Choice

Two new batches of established BBC1 programmes start tonight—Dr. Who with Peter Davison, famous as the young vet in "All Creatures Great and Small," taking over the title role, and Last of the Summer Wine—25 well as six entirely new series.

BBC 2

11.00 am Play School. 11.25 Play It Safe! 11.55 pm Star Movie: "The Great Lie," starring Bette Davis.

LONDON

9.30 am Where the Curlew Calls. 9.55 "The World of Suzie Wong," starring William Holden. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Do It Yourself.

FT COMMERCIAL LAW REPORTS

Withdrawal of consent to possession by notice

PERDANA PROPERTIES BHD v UNITED ORIENT LEASING CO SDN BHD
Privity Council: Lord Diplock, Lord Russell of Killowen, Lord Bridge of Harwich, Sir John Megaw and Sir Owen Woodhouse

WHERE OWNERS of leased equipment notified the lessees in writing of their intention to assume immediate possession of the equipment due to the lessees' failure to pay the rent, such notice amounts to a withdrawal of consent to the lessees' continued possession of the equipment.

LORD RUSSELL OF KILLOWEN delivering the judgment of the majority in the appeal, said that the tenant ran into financial difficulties in 1979 and suffered judgments at the suit of its creditors. On September 3 the equipment and no doubt other articles at the premises, were seized in execution of those judgments by the bailiff under orders of the Sessions Court.

ANGLIA

9.30 am Great Big Lamb. 9.45 Clegg's People. 10.10 Future Film: "Kidnaped," starring Michael Caine and Trevor Howard.

GRANADA

9.30 am Animated Classics. 10.15 Unnamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street.

HTV

9.30 am Sesame Street. 10.35 "The Great St Trinian's Train Robbery," starring Don Bryon and Franke Howard.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 George Hamilton. 9.55 The World We Live In.

CENTRAL

9.30 am Thunderbirds. 10.25 John Mills: Star of the Week. "Above Us The Waters." 1.20 pm Central News.

SCOTTISH

9.30 am Scottish News. 9.45 Rainbow. 10.00 Danger Mousie. 10.05 Donald's Ark.

TW

9.30 am Sesame Street. 10.35 Vicky the Viking. 10.55 Paint Along With Nancy.

YORKSHIRE

9.30 am Yorkshire Folk Tales. 9.40 Focus on Wildlife. 10.05 The Beachcombers.

RADIO 1

5.00 am Radio 2. 7.00 Mite Road. 8.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett.

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued).

RADIO 4

8.00 am News Briefing. 6.10 Farming Week. 6.15 Shipping Forecast. 6.30 Today.

Analysis of bank advances and acceptances

to UK residents by banks in the UK at November 18 1981: as Table 5 in the Bank of England Quarterly Bulletin.

Table with columns: £m, Total, In sterling, In foreign currencies, Financial, Hire-purchase, Property, Other. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, and changes.

MANUFACTURING

Table with columns: Total manufacturing, of which in sterling, of which in foreign currencies, Food, Chemicals, Metal, Electrical, Shipbuilding, Textiles, Other. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, and changes.

OTHER PRODUCTION

Table with columns: Total other production, of which in sterling, of which in foreign currencies, Transport, Public utilities, Local government, Retail distribution, Other. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, and changes.

SERVICES

Table with columns: Total services, of which in sterling, of which in foreign currencies, Transport, Public utilities, Local government, Retail distribution, Other. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, and changes.

* Including lending under special schemes for domestic shipbuilding. † The analysis provided by Northern Ireland banks differs slightly from other banks' because all industries are included indistinguishably in "Other manufacturing".

INSURANCE

BIA plans summer advertising campaign

THE British Insurance Association, in conjunction with the Life Offices Association and the two other life company professional bodies, is to launch an advertising campaign this year that is likely to cost several million pounds.

RACING

NO 11-year-old has won the Gold Cup since Mandarin, but Mr Reg Spence and Peter Easterby now have grounds for thinking that Night Nurse can, at that same age, become the first gelding to complete the Champion Hurdle-Gold Cup double.

NIGHT NURSE TONIC

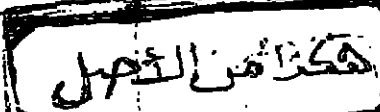
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M. J. H. Nightingale & Co. Limited

Table with columns: 27/28 Lovat Lane London EC3R, 8EB. Telephone 01-621 1212. Rows include ABI Hedges, Airsprung, Armitage & Rhodes, Bardon Hill, etc.

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THE ARTS

The theatre in 1981

Keeping back the aces

by MICHAEL COVENEY

The year closed with both major subsidised companies playing their trump cards. However you feel about Peter Hall's production of The Oresteia, it has aroused a higher level of critical discussion and public interest than almost anything since the National moved to the South Bank in 1976.

Nunn and the RSC when it comes to producing All's Well That Ends Well. This was the glorious final show in a disappointing Stratford season: one of the truly great Stratford nights. Peggy Ashcroft returning to Avonside after an absence of 18 years as the Countess in a brilliantly designed version (by John Guter) of a notoriously difficult piece.

Given my aversion to country music, I was agreeably surprised by The Best Little Whorehouse in Texas at Drury Lane, but the musical which gave most pleasure was One, No! Time, a virtuous tribute to the New Orleans jazz era with 25 great numbers, a decent book and an atmosphere seeping through the theatre like a heat mist. Less good were I'm Getting My Act Together and Taking it on the Road and The Mitford Girls, in which Ned Sherrin and Caryl Brahms made the fatal error of mixing standards with sub-standard new material.

The West End offered solid revivals of All My Sons by Arthur Miller and Arms and the Man by Shaw, neither of which really set me alight. It is the creeping respectability of such productions that I dislike: their denial of what is left of my youth. I do not go to the theatre to be made to feel like an old man, or to be asked to write like one. Three cheers, therefore, for the arrival on the scene of a young producer, Robert Fox, who snarped up Mike Leigh's Grosse Pointe from Hampstead and put it into the Garrick (the show was like Greek tragedy in the suburbs. Anthony Sher hilarious as an Arab who mistakes the lounge of a car-salesman for a brothel and then opens his 'Anytime For Denis', an inspired lampoon that treated Chequers as Brian Rix fare territory).

The best play in Shaftesbury Avenue was Simon Gray's Quartermaine's Terms, in which a tatty English language school in Cambridge became a research metaphor of England in decline. The production by Harold Pinter was highly polished, the acting by Edward Fox, Prunella Scales, James Croucher and Robin Bailey—as good as any all year. Maggie Smith was superb in Edna O'Brien's Veronicas at the Haymarket, as was Simon Callow in the Elocutionary Society at the Duke of York's. This latter, an adaptation by J. P. Donleavy of his own novel, failed to find a resonant theatrical language for the scintillating prose, but many admired his pluck more than I did.

Callow was also seen to good effect in a sumptuous revival, by David Hare, of Christopher Hampton's Fatal Embrace at the Lyric Hammersmith and as the topknot Lord Arc in Edward Bond's Restoration at the Royal Court, a play almost snuffed by Bond's own production but fascinating in its refusal to accept the social history of most Restoration drama at face value. Bond's presumption is anathema to most critics—but I must say a little of his cantankerous inquisitiveness would not have gone amiss on the National's stately revival of The Revenger's Tragedy in the Lyric Court, which was neither melodramatic fan nor sociological fable. Why do I do it at all, except to give members of the Garrick Club a warm interior glow?

Returning to the National, I much preferred Michael Rudman's Mack the Knife to the spirit and some very good acting, and the black revival of The Caretaker. I hope Rudman does not allow fashionable accusations of tokenism to stick and brings back Norman Beason, Oscar James and other fine black artists into the company. The Cottosloe had a bit of a miss, as Peter Gill's appointment of Olivier starkly reminded me of a North in the Country and dwindled to a routine revival of Much Ado. notwithstanding the exceptional performances of Penelope Wilton and Michael Gambon. This was Shakespeare without impulse or passion, two admittedly original star talents operating in a nebulous void.

The Lyttelton transferred the best play of the year, Brian Friel's Translations, from the indispensable Hampstead Theatre. Various hailed as a modern classic, a theatrical disquisition on structuralism, and an evocative slice of rural history, Translations seemed to have everything: in addition, Ian Bannen's bibulous schoolmaster acquired a seedy majesty en route to the South Bank. Translations, of course, really dates from last year when it was premiered by Friel's Irish touring company, but its production on a large stage is one of the year's good stories, and heartening for such as myself who enjoy high quality small-scale work but enjoy seeing the same virtues of integrity and panache growing up in more popular arenas.

Here at last was the National going for broke with a project many months, even years, in the hatching and the result was a triumph of collaboration between director, designer, composer and translator. Greek comedy experts have been outraged, some critics confused by the use of masks and an all-male cast, but if the National Theatre means anything at all, it surely means the serious attempt to engage with the peaks of world dramatic literature. Bodogarov's revival of Calderon's The Major of Zalamea, translated by Adrian Mitchell, was another high spot, even if the production appeared fragile on transferring from the Cottosloe to the Olivier.

The closure of the Old Vic on May 16 is sad because of the loss of a great house, but times change and there is no real justification for a third subsidised classical theatre in London. An old Vic company with an alternative renaissance approach (and I do not mean jolly japes à la Young Vic) might be welcome. Say, for instance, the Glasgow Citizens—still the most exciting and enterprising theatre in the land and like a move south, they could occupy the Old Vic for six months of the year and be responsible for running a repertoire of visiting foreign and regional companies for the other six. The National should then be encouraged to syphon off some of its grant to support this happening, somehow.

It was a surprisingly good year for musicals in the West End: I enjoyed both Cats and Barium at the time, but neither really lives with me down the months. Cats, directed by that man Nunn again and choreographed by Gillian Lynne, was the first genuine British dance musical, and Barium an appropriate second-rate hymn to the second-rate showbiz ambitions of the famous impresario, Michael Crawford was irresistible, singing his way along, a high wire towards an adulterous relationship with the Singing Nightingale.

That said, straight comes the RSC's small Stratford house. The Other Place, with a record high reputation under Ron Noble's stewardship, Adrian Noble mounted brilliant revivals of A Doll's House and Ostravsky's The Forest, while John Ciolek and his designer, Uitz, found a fresh and lucid way of tackling Farquhar in The Twa

Wives. Everyone who saw Barry Kyle's production of The Merchant of Venice, including B. Young, expressed themselves in language of irrepressible enthusiasm. Alan Howard was magnificent in The Forest and also in the late C. P. Taylor's Good in the Warehouse. But his Richard II and Richard III (coming to the Aldwych from last year's Stratford season) suggested that Terry Hand's idea of doing all the histories as backgrounds to an actor investigating a role as an actor is wearing a bit thin. Much livelier were Hands' productions of Troilus and Cressida and As You Like It.

It is one of a critic's functions to remind theatres that other theatres work in different ways that might be worth studying. An actor said to me this year that William Gaskill once said the Berliner Ensemble in 1956 and no-one at the Royal Court has seen anything else since. Much as I enjoyed the Court's productions of Touched by Stephen Lowe and Borderline by Hanif Kureishi, there is a real danger of the Court puritanism outliving its usefulness. The English Stage Company (the Court's producing management) celebrated its 25th anniversary with an Irish The Seagull, which received rave notices. Similarly trapped in a house style, perhaps, is the Theatre Workshop at Strat-

ford East, which was also 25 years old and fought back strongly in the face of unfounded rumours about losing its grant. The Mermaid re-opened disastrously with Eastward Ho! but rallied by providing a launching pad for Children of a Lesser God which Trevor Eve and Elizabeth Quinn carried triumphantly into the West End. In the regions, the Glasgow Citizens, as usual, led the way with a marvellous season: Marlowe's The Massacre at Paris, Vernon Sylvaine's splendid old farce, Madame Louise, a revival of last year's reduced Proust. A Waste of Time (a brilliant statement of company policy) as the RSC's Nicholas Nickleby, and a First Quarto Hamlet set in a madhouse.

Julie Corington was a compelling Saint Joan in Cambridge. The Oxford Playhouse had an unworldly look at Philip Barry's 1939 Philadelphia Story but came up trumps with Memphis (seen later at the Round House). The Royal Exchange of Manchester were also seen to advantage at a Max Wall / Trevor Peacock double act in Waiting For Godot, Helen Mirren and Bob Hoskins in The Duchess of Malfi (Adrian Noble's third fine production of the year) and Tom Courtenay in The Misanthrope.

Occasions like The Oresteia are the best possible answer to the grumbling anti-subsidy lobby whose spokesmen (such as Kingsley Amis and George Gale) reiterate their clapped-out arguments from time to time oblivious to the fact that there would be virtually no serious theatre in this country without public support. In a grim year for the Government, it was therefore a great encouragement to find the Arts Minister, Paul Channon, winning a slight increase in funds available to the Arts Council.

I would like to know from Amis and Gale whom they consider capable of rivaling Trevor

from Canada) devised an outrageous and exciting cabaret for the reopening of the Drill Hall. The show consisted mainly of songs and monologue, with minimal interaction between the three women performers. Structure, such as it was, hung on content, not form, and there was no obvious attempt to provide stylistic balance. I found it refreshing not to be bombarded with light interludes, sensing that here was a director who trusted her audience to cope without the traditional ensemble package. Indeed, my principal criticism of current feminist theatre is that, in an understandable concern for the professional and slick, women performers are attempting to compensate for inadequate subject matter with snappy presentation.

Trafalgar, at the Lyric Studio, Hammersmith, closely rivals Steaming in stylistic bravura. Of course, feminism abhors competition but comparative assessment is hardly out of place for a show which so successfully adopts the male ethic. I found it noisy, brash and dispiriting. The music was barely average, as in Female Trouble. It seems that talented female musicians are shunning the stage in favour of gigs and

attended was devoted to woman in the third world: the last one I consciously avoided concentrated on peaceful and painless methods of male extermination. So, in some sectors at least, the London stage is in tune with the pulse of history.

Sara Douglas's play is busy, bright and imaginative, tread- ing a thin line between savagery and farcical, touching on burlesque as she carries us heavenwards to meet the Matiarach, her daughter and the hostess with the mostest. Here we have: around the ill-defined limits of performance art, a form which reached its feminist peak this year, in Patricia Morgan's beautiful Molly in the desert scenes. However, I am also at the Theatre Upstairs. (Unfortunately I missed her Room at the same theatre earlier in the year.) This delicate, disturbing piece of theatre touched on the relatively unexplored ground of women's theatre of male roles and the devaluing mother figure. It would be interesting to know how much of this is particular to the writer and how much is derived consciously from psychoanalytic sources.

Certainly performance artists are beginning to make free with sexual archetypes, a welcome development, despite the more confused manifestations of groups like Cunning Stunts.

I make no attempt to define the term "feminist" here—for the attempt continues to be central to every struggle inside the women's movement today. Suffice to say that feminism of every hue has infiltrated mainstream theatre down to the silkiest Christmas pantos. The emancipated woman is as much a scourge of our epoch as romantic's Young Werther or the nineteenth century rags to riches heroine. Hardly a new play emerges without a hint of the sexual turmoil which the Movement has evoked.

Feminist theatre divides to rule

by ROSALIND CARNE

Foes to women's liberation continue to berate feminists as narrow-minded and humourless. Naturally we scorn such criticism, though women performers still struggle against convention for the courage to amuse. We might find it harder to refute the charge of insularity, and I cannot help sensing it to be oddly appropriate that, of the many feminist shows I have seen this year, the most original and challenging were overseas imports.

Tres Marias y Una Rosa, a naturalistic workshop production by the Chilean group Taller de Investigacion Teatral, arrived at Riverside Studios for a short stint in May. It details the efforts of four women to run a tapestry co-operative in the rundown suburbs of Santiago. Though transcribed by David Benavente, an established Chilean playwright, it remains inextricably linked to female experience and it is this which illuminates the work.

An equally impressive newcomer to the London stage was Australia's second best, superstar, Robyn Archer. She and director Pam Brighton (home

recording. Indeed, I hear an unconfirmed report that playwright Donna Franceschild (Soap Opera and Top Dance on a Telephone Wire) is giving up writing in order to become a full-time musician. I am sorry to hear it, for the score of Top Dance on a Telephone Wire is the weakest aspect of an entertaining and witty show.

Another writer who deserves mention is Timberlake Wertenbaker. Her New Anatomies threw the Women's Theatre Group into the unfamiliar territory of Muslim Algeria. Once again, the overseas influence proved beneficial, though overexposure to the myth of orientalism created a flabby lyricism in the desert scenes. However, more significantly, the play is strong on ideas, and at its best on the intellectual and political offensive, rather than basking in the shade of period feeling.

First prize for the most successful and outspoken delirium of revolutionary feminism goes to Sara Daniels for Ripon Over Darkness which ran at the Royal Court's Theatre Upstairs in August. I am intrigued that the outstanding contributions to women's theatre this year should have been either British or ferociously extreme. Could this mirror current strains in the Women's Move-

ment? The last conference I attended was devoted to woman in the third world: the last one I consciously avoided concentrated on peaceful and painless methods of male extermination. So, in some sectors at least, the London stage is in tune with the pulse of history.

I make no attempt to define the term "feminist" here—for the attempt continues to be central to every struggle inside the women's movement today. Suffice to say that feminism of every hue has infiltrated mainstream theatre down to the silkiest Christmas pantos. The emancipated woman is as much a scourge of our epoch as romantic's Young Werther or the nineteenth century rags to riches heroine. Hardly a new play emerges without a hint of the sexual turmoil which the Movement has evoked.

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ACROSS

1. A bird that could cut off the current (5, 7) 2. A woman whose metal is like a spider (4, 7) 3. It could be trying, so it's heisterous (5) 4. Was a comb (4) 5. Communist naval officer— one that flies (3, 7) 6. Join it in French reaction (5) 7. Produce a chemical reaction with it right inside gallery (7) 8. Difficult to believe it could be like a large tablet (4, 2, 7) 9. Smashed up shingle? It's difficult to understand! (6, 7) 10. Growing rice and fruit for a wallaby (10) 11. Sat on her variety of furniture (8) 12. Strive to study and nurse (7) 13. Substitute salesman with decorative textile product (7) 14. A hawk's licence in colloquial language (5) 15. Sergeant Major embracing copper in matter coming to the surface (4)

DOWN

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FORECASTS 1982

ELECTRONICS

Three strong areas of growth

DR WISSE DEKKER, chairman since January 1 of the Dutch electrical giant Philips, foresees three strong areas of growth for the world's electronics industry. He cautions, however, that if European companies are to grab their share of these markets then European governments must develop a more coherent industrial policy.

● "Home electronics is a rapidly expanding field. At a time when most important markets for audio and video were starting to reach equipment saturation point, a number of new products have emerged. Video cassette recorders, video disc players and video cameras will provide the (modified) television set with a host of new roles.

● For the more technically minded, personal computers may take on the chore of household bookkeeping or small business administration. The computer and the video screen could form the core of a system for collating up and displaying newspaper pages, filing documents.

SEMICONDUCTOR CONSUMPTION

(million dollars)			
	1980	1981	1982
Integrated circuits			
World total	9,772	9,337	10,200
U.S.	4,721	4,299	4,863
Japan	2,269	2,632	3,026
Europe	2,317	1,668	1,769
Others	465	498	525
Discrete components			
World total	4,186	4,303	4,366
U.S.	1,318	1,364	1,403
Japan	1,169	1,519	1,500
Europe	1,192	923	928
Others	507	497	535
Total	14,119	13,777	14,716

Source: Dataquest.

STEEL

Three key international issues

"THERE IS a danger that the United States will try to stop all imports of subsidised European steel unless the present anti-dumping dispute is resolved satisfactorily. This would lead to other European producers trying to sell more in our market, and would put our efforts to stabilise the European price structure at risk. Unless excess capacity in Europe is eliminated this will also threaten the price structure. And we have to ensure that steel from outside the EEC is not allowed to cause price wars on the European market."

Thus, Mr Ian MacGregor, chairman of the British Steel Corporation (BSC), sums up the international aspects of the problems which will confront him and other European steel producers this year.

Ask steel manufacturers in, for example, the U.S. to identify the heart of the problems facing the worldwide industry and they are likely to point to the heavily subsidised European steel mills. Many eyes are on Mr MacGregor because, if he is to succeed in his primary task of making the heavily loss-making BSC viable, he has to solve not only internal problems but influence the international ones as well. This is how he sees some of the key issues.

Anti-dumping: "There is no doubt that some European producers have flooded the U.S. market with all sorts of stuff, which makes it hardly surprising that American steel companies are demanding protection."

"I believe that there will be an attempt to re-establish the U.S. trigger price mechanism, and that the EEC commission may extend the production controls which apply to the European industry to cover sales to the U.S."

Prices: "It is absolutely essential that the European steel industry improves its price structure unless it is going to continue to be a huge drain on national exchequer. Our customers have to appreciate that we are primarily doing no more than restoring real prices which have been subject to enormous rebates and under-cutting in the last few years. We will not be imposing prices which disadvantage European manufacturers against those in the U.S. and Japan."

Restructuring: "The EEC governments have unanimously agreed that subsidies are to be phased out by the end of 1985, and that this will lead to the reduction of capacity which is essential to stabilise the European industry."

"The EEC production quotas are likely to be renewed for some time to come, but you cannot run an industry on production controls for ever if you want it to make the best use of market opportunities. Normal market conditions have to be restored, and this means other EEC producers have to reduce capacity as BSC has done. It would be good to see some action soon. I believe the acid test will be what happens in Belgium."

ALAN PIKE

WORLD APPARENT STEEL CONSUMPTION

	1980		1981		1982	
	(tonnes millions)	percentage change	(estimate)	percentage change	(estimate)	percentage change
U.S.	118		131	+10.6	136	+4.2
EEC	109		102	-6.3	107	+4.7
Japan	79		77	-2.3	74	-3.5
Other Western industrialised countries	60		61	+1.8	66	+7.5
Developing countries	99		99	+0.7	104	+5.0
Commonwealth	267		204	-1.4	204	nil
China & North Korea	50		46	-8.0	46	nil

Based upon International Iron and Steel Institute statistics and estimates. Apparent consumption = crude steel production plus imports minus exports.

AEROSPACE

Confidence, but major decisions ahead

THE PAST year has been a good one for the partly State-owned, partly private owned, British Aerospace. The group expects to beat its 1981 profit forecast of \$66m before tax.

Among the highlights of the year have been the receipt of orders from the U.S. Marine Corps for the AV-8B Advanced Harrier jump-jet fighter, and from the U.S. Navy for the Hawk trainer, as well as further orders for Rapier ground-to-air missiles and various communications satellites. During the year, the BAe 146 four-engine regional airliner made its successful maiden flight.

Sir Austin Pearce, chairman of British Aerospace, is optimistic for the coming year, although there will be several major concerns, and some major new decisions to be taken. The first concern will be the level of continued government military spending, in the light of constraints on the defence budget. This could put pressure on the highly successful Tornado programme, with a slow down of deliveries.

To counter this there will be further good opportunities for sales of the Hawk of various missiles and of civil and military communications satellites.

Sir Austin says that the second main concern will be in the civil market, where demand for new airliners has been severely damped by the continued recession in air travel. He believes that the rate of growth of air travel in the years ahead may not be so great as many had originally supposed. British Aerospace nevertheless remains optimistic on the long-term future, and is making considerable investments in civil aircraft. These include the continued expansion of production of wings for the A-300 and A-310 Airbus, with output going up from four aircraft to eight a month, while there will continue to be substantial spending on production of the 146 airliner.

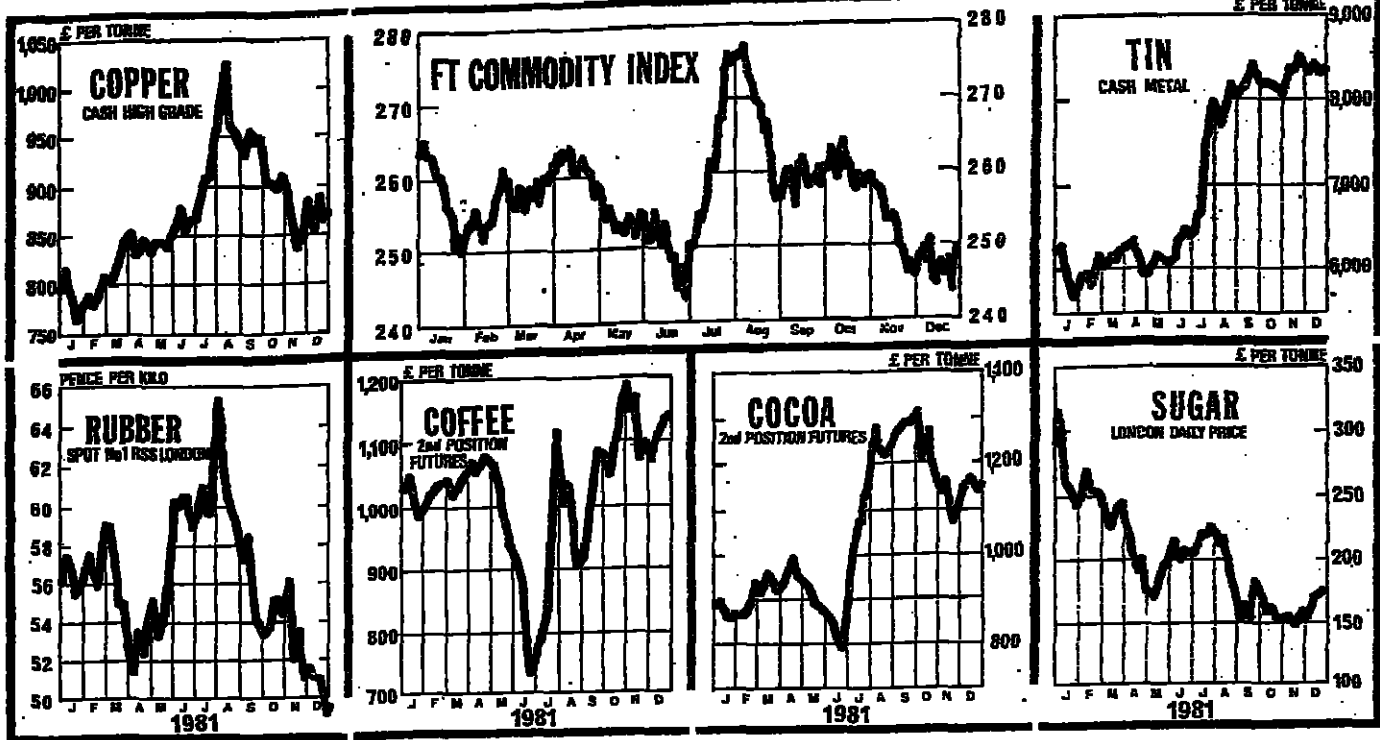
While the group is confident this investment will eventually yield profits, this will take some time. In the interim the group will have to ride this cash outflow, ploughing back into civil business the profits earned by other activities.

Among major decisions facing the group in 1982 will be whether to become involved, and to what extent, in the projected A-320, 150-seater Airbus. A decision is likely some time in the first half of 1982.

The other major decision will be whether to continue the current private venture financing (in conjunction with much of the rest of the aerospace industry, including Rolls-Royce and equipment companies) of the P-110 combat aircraft for the mid-1980s and beyond. British Aerospace is discussing collaboration on this project with a number of overseas countries, especially in the Middle East.

For the longer-term, Sir Austin is confident of the continued profitability of British Aerospace, and of the UK aerospace industry generally. He recognises that it will not be without problems. "We have got to go out and sell," he says. "That is the name of the game so far as we are concerned."

MICHAEL DONNE



COMMODITIES

Milestones in a year to forget

BY JOHN EDWARDS

COMMODITY producers and traders view 1981 as a year to forget. In most markets poor demand resulting from the recession in the industrialised world has put unrelenting downward pressure on prices. In many cases, notably copper and other leading base metals, prices are well below the actual cost of production.

Agricultural products have not done much better. The weather was kind at a time when consumption was at a low ebb, and the resultant surplus depressed markets.

The Financial Times commodities index has dropped below 250 (index=100) after touching a peak of 276 in August. But the index includes both sterling and dollar prices and is therefore influenced by currency changes. The Economist commodity dollar index, for example, fell by nearly 18 per cent during the past year, while the sterling index was 0.6 per cent higher. Currency changes, and inflation fears, remain a major influence in the markets. The high interest rate in the U.S. discouraged speculation to a large extent and helped bring some stability back after the violent fluctuations in 1980.

Nevertheless, 1981 in hindsight may turn out to be a year to remember. New commodity agreements between exporting and importing countries were negotiated for cocoa, coffee and tin. Also the first ever international natural rubber agreement became operational (starting support buying in November) when prices slumped to a 3-year low.

Other milestones were the first purchases by the U.S. strategic stockpile for 20 years, demonstrating the determination of the Reagan Administration to reduce U.S. vulnerability to a potential shortage of vital raw materials.

President Reagan also recognised the failure of the embargo on grain sales to the Soviet Union imposed by his predecessor in protest against the invasion of Afghanistan. The embargo was lifted in spite of the Russians suffering a disastrous harvest for the third year in succession. The Soviet crop, now estimated at 175m tonnes, was 62m tonnes below the official target and appeared to confirm Russian inability to produce sufficient grain even when desperately needed. The sharp increase in grain import requirements by Communist bloc countries is likely to have a dramatic impact on the world food supply-demand balance in the years ahead.

A shortage was only avoided this year because of bumper crops in the U.S. and other main exporting countries. But the depressed prices may well discourage efforts to go on producing record crops, even if the weather remains favourable.

The grain markets have been subdued by the possibility of the U.S. announcing a new embargo on all exports to the Soviet Union if the situation in Poland worsens. But in the long term Western world grain producers, including the EEC, can expect an expanding market in the Communist bloc and developing countries.

Prospects for other agricultural commodities are none too bright. A severe frost in Brazil last July halved the forthcoming coffee crop, but this essentially only reduced the likely surplus predicted.

The fall in potential Brazilian output, however, did enable a new International Coffee Agreement to be negotiated for the 1981/82 season and the restriction on export quotas has stabilised the market.

The International Cocoa Agreement, which came into force on October 1, has not been so successful. The \$230m fund carried over from previous agreements proved to be insufficient to support buying operations started. Moves are being made to borrow more money, using the existing stocks acquired as collateral, but the agreement is handicapped by the fact that the world's biggest cocoa producer, the Ivory Coast, and the biggest consumer, the U.S., have both refused to join.

Another surplus of production over demand is being forecast for the 1981/82 season, but consumption is recovering fast as a result of lower prices and the agreement should help the market rally next year.

The same applies to natural rubber. Support buying by the buffer stock of the International Rubber Agreement has helped remove some of the surplus created as a result of a sharp drop in demand.

Once consumption recovers, prices could rise strongly, but the prices are at their lowest for three years in view of depressed demand following the slump and decline in tyre sales. In the metal markets, production cuts have meant that there has not been the normal build-up in surplus stocks in spite of the prolonged fall in demand.

Copper stocks in the London Metal Exchange warehouses, for example, have risen marginally to just over 120,000 tonnes compared with the peak of over 645,000 tonnes reached during the last recession in 1978.

Temporary shortages as a result of supply cut have helped boost metal markets, notably zinc which in 1981 reached its highest level since 1974, in spite of sluggish consumption. Record prices for tin in recent months have been caused by a support buying campaign since July by a mysterious group, as yet unidentified but believed to be representing producer interests. The group has spent an enormous amount of money in taking surplus tin off the market. The decision of the U.S. stockpile to extend tin sales to foreign, as well as domestic, buyers may well force the group to withdraw shortly with a consequent collapse in prices.

Other metal prices are expected to rise in 1982, if only because they are so depressed. The low level of stocks and the production cuts could well create temporary shortages and soaring prices, once consumption recovers to more normal levels.

PULP AND PAPER

Investment is the 'big headache'

THE FIRST HALF of 1982 will be "rather tough" for the pulp and paper industry in the view of Mr Bo Rydin, managing director of Svenska Cellulosa (SCA), the biggest of the Nordic manufacturers. But he adds that the second half promises increases in demand and prices for almost all grades and producers should experience a good year in 1982.

Profit margins shrank in 1981 even in the most efficient companies. SCA will not reach its 1980 pretax earnings of SKr 688m (£65.5m, \$125m) achieved on sales of SKr 6.7bn.

The Nordic manufacturers failed in the last quarter to establish a price of \$600 a tonne for bleached sulphate pulp, the leading category, and had to settle for a listed price of \$580, at which U.S. producers have been selling domestically.

They have already conceded unchanged prices for the first three months of 1981 and Mr Rydin is not counting on any increase in the second quarter either.

Manufacturers will not "put money into stocks," as they did during the recession in the mid-1970s, thereby delaying price increases, Mr Rydin argues. In-

stead they will take downtime at the mills during the first half of the year and use the opportunity to effect maintenance and repairs.

The message for Common Market paper makers is that they will have to secure better prices in the second half. They should be able to do so, Mr Rydin says, because they too are no longer holding heavy stocks.

Demand for newsprint and magazine papers will not be strong in the first half, Mr Rydin believes, and most contracts have been signed for the period with only small price rises. But, again, stocks are low.

The Canadian manufacturers, who exert a strong influence on the West European newsprint market, will introduce some new capacity but Mr Rydin calculates that they need to maintain prices. Thus, the outlook for newsprint users is further price increases in the second half.

Mr Rydin is surprisingly bullish about the prospects for fine papers. They have been suffering from a weak market, while stock movements have produced price fluctuations and some smaller mills have closed.

Contrary to the attitude of many Continental fine paper makers, however, Mr Rydin does not see surplus capacity holding down prices "when taking 1982 as a whole."

The strength of the dollar (in which pulp and many paper grades are priced) will attenuate the initial weakness of the market in 1982 for manufacturers, Mr Rydin points out.

A strong dollar also increases the competitiveness of the European mills against the North Americans who exploited the cheap dollar to make inroads on the European market during the mid-1970s.

In the longer term, Mr Rydin predicts, the difficulty for many pulp and paper companies will be to maintain efficiency. The "big headache" for the industry is how to finance sorely needed investment in modernising and rationalising mills.

WILLIAM DULLFORCE

WORLD PAPER AND BOARD OUTPUT

	(m tonnes)				
	1978	1979	1980	1981 (est) 1982 (est)	
North America	162.4	171	171.2	170	172
W. Europe	69.5	72.4	71.5	72.7	73.4
W. Europe	41.5	44.8	43.7	42.4	42.4

WORLD PULP OUTPUT

	(m tonnes)				
	1978	1979	1980	1981 (est) 1982 (est)	
North America	62.3	64.8	65.8	64.5	67.4
W. Europe	25.9	27.8	27.1	26.2	26.2

Source: Pulp and Paper International (PPI). Estimates by Phillips and Drew, stockbrokers.

CHEMICALS

Optimism for the year

THE LAST 18 months have been little short of disastrous for the European petrochemical industry. But Mr Robert Horton, managing director of the UK-based BP Chemicals, is comparatively optimistic about the outlook for 1982 and beyond.

Admittedly he thinks that the first half of the New Year will be "rough." He says this seems inevitable because of the prolonging of recession in the U.S. which will lead to aggressive tactics by American chemical producers in such deep-sea markets as the Far East and Latin America.

But Mr Horton is expecting to see a growth rate of around 14 per cent for European chemicals. After a "flat" first six months, he is looking for a growth of around 2 per cent in the second half—giving a 15 per cent figure for the year as a whole. What is more, he predicts that 1982 will be a "good year" for the chemical industry.

"I don't think we can look for more than 14 per cent in 1982," he says. "The West German GNP is unlikely to rise by much more than 1 per cent and the West Germans are the locomotives as far as chemical growth is concerned."

Overcapacity will continue to bedevil the European industry. The degree of overcapacity in chemicals varies from one product to another. But Mr Horton, like most other senior chemical company executives, reckons that an average cut of 20 per cent to 25 per cent is needed.

Yet he points out that under the impact of recession, European producers have already made considerable progress in reducing capacity. He cites linear low density polyethylene—one of the major plastic raw materials—as an example. During the last few months of 1981, the German-based BASF, the Italian-based Montedison, the UK-based Imperial Chemical Industries and BP Chemicals itself cut European LDP capacity by well over 200,000 tonnes between them.

Mr Horton forecast further plant closures in 1982, including perhaps some basic ethylate crackers.

Cuts in capacity should lead to an improvement in chemical prices. Mr Horton says if profit margins on some produce are still "ridiculously low," prices "must go up." He adds, however, that the present trend on pricing is "positive." Some attempts to raise prices have been debated but margins generally have been improving over the last 18 months.

On the capital spending, Mr Horton says the theme is "question about it—there will be a big cutback." He states that some companies are now combing the end of capital spending programmes that were originally planned some years ago as this could have given a misleading picture of chemical investment trends.

BP Chemicals itself, Europe's biggest producer of ethanol and as such it has a prominent place in the market. 1982 the company will bring its new 457m ethanol stream into service in Se plant and Mr Horton is pleased to note that the project is ahead of time and under budget.

"I don't want to sound euphoric about the outlook generally," he says. "And I admit that I am probably more optimistic than some others though only marginally. But I think the business cycle will assert itself. I think 1982 will be better and I think we're for a strong 1983."

SUE CAMERO

ENERGY

Greater hope of price stability

THE OIL INDUSTRY is entering the New Year in the expectation of price stability, according to Sir Peter Baxendale, chairman of Shell Transport and Trading and a managing director of the Royal Dutch/Shell Group.

As Sir Peter points out, the new pricing climate makes a refreshing change. We are in a situation now when there is a greater hope of stability in oil prices than we have seen for many years. I would expect this to last at least through 1982.

"You have got to be impressed with the way the Organisation of Petroleum Exporting Countries has hung together despite the difficulties and stresses of the past year."

That unification agreement will have a major impact on European oil companies in 1982, Sir Peter says. Companies like Shell and British Petroleum will no longer be at a competitive disadvantage to several major U.S. groups which, for much of 1980, have enjoyed access to relatively cheap Saudi Arabian crude oil.

"We have been fighting in the market with one hand tied behind our backs," Sir Peter says. Not that he expects much relief from a tough, depressed oil products market.

"I think we are going to see a continuation of a pretty competitive market." He points out that there is now 40 to 45 per cent over-capacity in the European refinery industry and is a little chance of much growth in product demand.

But even an expected "flat" oil demand in 1982 is seen as relief after two years of fall-off orders. "Forecasts of a relatively flat oil demand imply some pick up in the economy. We would expect to see that in 1982. I hope that we have reached the bottom of the trough—but I don't know. You have to have a lot of nerve to make forecasts after what has gone on in recent years."

Sir Peter says that in the coming months energy companies will continue to "ratio" (scrap or mothball some of their production capacity in the refinery or petrochemical industries. The petrochemical industry is a "bell weather" of the economy. As a result it has suffered. "We are taking strenuous action to minimize the effects of the drop demand. But you would have to see a major pick-up in the economic situation to turn around petrochemicals."

But not all is gloom. "Coal, metals and international gas activities are going well. An optimistic about our business as a whole. The challenge is for us to maintain technological leadership. When you look around at the multi-billion dollar energy projects, you realise that there are not very many companies which can take these things on."

"We have never recruited harder for technical people. Last year we took on 900 technical graduates in Europe—they are very good quality people too."

RAY DAFT

WORLD OIL MARKET OUTLOOK 1982

	(estimates)			
	Q1	Q2	Q3	Q4
Oil Consumption (a)	49.5	48.8	48.8	49.4
Stock Change +/- (b)	(2.5)	1.8	2.6	(0.4)
Oil Supply	47.0	47.6	48.4	49.0
of which OPEC (c)	23.1	23.4	24.1	24.8
Other (d)	23.9	24.2	24.3	24.2
Primary Oil Stocks (Mln. bbls)	4480	4750	4970	4950
Days Supply (e)	100	104	101	99

(a) Excluding Centrally Planned Economies (CPEs); (b) Includes oil changes in oil float, unaccounted for consumption; (c) Includes NGL output; (d) Includes U.S. processing gain and Net CPE export; (e) Stocks expressed in terms of following quarter consumption.

Source: James Capel, BP Statistical Review, November 81.

AIRLINES

The big task is to control capacity

THE OUTLOOK for the world's airlines in 1982 remains bleak. While traffic may increase by 5 to 6 per cent compared with 3 per cent in 1981, the world air transport industry's finances remain poor.

Mr Knut Hammarström, director-general of the International Air Transport Association, estimates that during 1981, the operating losses on international scheduled services amounted to between \$900m and \$1bn, but when the airlines' heavy interest burden is taken into account, the deficit for 1981 may reach about \$2.1bn. Interest payments alone in 1981 thus amounted to around \$1.2bn, an increase of more than one-third over 1980, and they could be as high as \$1.6bn in 1982. This will be in addition to the deficit on operating inter-

national scheduled services of about \$1.15bn in 1982, with a further loss of \$700m likely in 1983.

Mr Hammarström points out, however, that this is a "worst case scenario." It could turn out to be a lot better.

If the airlines can control the growth in capacity—the number of seats they offer—an operating profit in 1982. But the growth in capacity—too many seats chasing too few passengers—is only one of the industry's problems. Others have been uncontrollable rises in costs—such as fuel, and airport user-charges—neither of which the airlines can do much about.

The world business recession continues to depress traffic in many parts of the world; "de-

regulation" in some markets has resulted in almost unbridled competition; while there are still too many old and increasingly inefficient aircraft in the world's jet fleet. Governments, moreover, have failed to ensure that fares rises keep pace with increases in costs—the IATA estimates that at any one time the world airline industry is running about \$1bn behind—rises in costs—cash that it has to find from its own resources before being allowed to claim something back in increased fares.

Mr Hammarström believes that controlling the number of seats offered is probably the biggest single task confronting airlines, along with efforts to improve revenue yields. "They have to pay as much attention to their financial managers as to their marketing men," he says.

At the same time governments, who ultimately control all that happens in world transport, must also be more sensible in the regulatory policies they impose.

"What needs to be kept clearly in mind," says Mr Hammarström, "is that in an independent business like international air transport, there is no room for extremism, be it the 'open skies' theory advocated by some, or protectionism favoured by others. There has to be a sensible, mid-course that everyone can pursue. At that course can be determined only through consultation and compromise between equals."

MICHAEL DONNE

Handwritten note in Arabic script: "مكتبة التجهيز"

A time for cool nerves

By Martin Feldstein



President Reagan and his Budget Director David Stockman

Polish wedge in the West

THE FOREIGN ministers of the European Community must make an effort to find a common line towards Poland and the problems raised by President Reagan's sanctions against the Soviet Union.

On a wider field there is another important consideration. The transatlantic divisions within Nato are quite deep enough already.

Doing so would only deepen the existing splits. It would also cause grave internal problems for several Community governments.

Washington tends to see events much more starkly as part of the great struggle between the U.S. and the Soviet Union.

Strike threats and efficiency

AFTER A YEAR in which the bargaining power of British trade unions has been weakened by high unemployment, 1982 has opened with a flurry of strike threats in several key industries.

In all these cases groups of workers are pursuing their narrow economic objectives without regard to the rest of the community.

As long as the miners enjoy their unique bargaining strength, arising from the structure of the industry and government restrictions on imports, there will be a continuing tendency towards a two-tier pattern of settlements in the public sector.

DURING the past year, a bold new economic policy has been put into place that can substantially improve the performance of the American economy in the 1980s and beyond.

It is clear that the economy's performance is not living up to these naive and euphoric forecasts. The United States is sliding into a recession that has stopped economic growth and caused productivity to resume its discouraging decline.

It is very important, therefore, to distinguish between the sound economic programme that the Administration has adopted and the extreme supply side rhetoric that some Administration spokesmen originally used to describe that programme.

Indeed, the current economic policies were not developed by the Reagan Administration but had gradually evolved in Congress during several years of careful study and the accommodation of expert advice.

Tax policy

The tax bill that was enacted in August combined a reduction in business taxes, new incentives for individual saving, and a slowdown in the growth of personal income taxes.

the previous two years in the form of a Bill sponsored by Republican Congressman Barber Conable and Democratic Congressman James Jones.

The plan to reduce personal tax rates by a total of 30 per cent over three years was also not a new idea, having been a central feature of the Republican platform for the Congressional election of 1978.

Fundamental change

The most fundamental change in the personal tax, indexing the tax brackets and exemptions to changes in the consumer price index beginning in 1985, was not part of the Administration's proposal, but was added by Congress.

Although the Federal Reserve Bank's policy of decreasing the rate of growth of the money stock is critically important for achieving the Administration's goal of reducing inflation, this tight money policy also precludes the current Administration.

an appointee of President Carter, and is being pursued by the Bank's Board of Governors which is dominated by Carter appointees.

The narrow money aggregate (M1B) had increased more than 8 per cent in 1978 and more than 7 per cent in 1979. The Fed set a target range of 3 to 6 per cent for 1980 and slightly overshoot the upper end of that range because of the very rapid money growth during the economic recovery in the second half of the year.

Early in the year some of the Administration's monetarist supporters invoked the so-called rational expectations theory and claimed that the credible pursuit of a tight money policy would cause a dramatic fall in the expected rate of inflation.

Overall economic activity reached a peak in mid-summer

and the economy was declining rapidly by the end of the year.

A sharp drop in interest rates accompanied the slowdown in economic activity. There continues to be substantial uncertainty about the future of interest rates.

In the past 12 months, M1B has increased only 4 per cent, adjusting for new banking rules that now permit interest-bearing checking accounts implies a 1981 M1B increase of less than 2 per cent, below the bottom end of the Fed's target range.

Spending cuts and deficits

The most novel aspect of the Administration's programme is the reduction in the growth of the government's non-defence spending. During the past two decades, the share of GNP accounted for by such outlays nearly doubled, from 9 per cent in 1970 and 17 per cent in 1980.

Congress co-operated with the Administration by voting some \$300bn in cuts from the last budget submitted by President

cient to reduce its share of GNP to 13 per cent in just about four years.

In reality, a return to a nearly balanced budget is likely to take more than four years and the deficits along the way will reduce investment below what it would otherwise be.

Two dangers

There is, however, the danger that Congress will now react to the high unemployment rate in the current recession or to the growing budget deficit by adopting policies that destroy the long term prospect for the success of the programme it adopted in 1981.

The second danger is that the growth of government spending will not be reduced. Although the budget deficit could be gradually eliminated by slowing the growth of government spending, there are many in Congress and elsewhere who do not want to see less government spending and who are therefore pressing for tax increases.

The prospect of a large deficit may, however, give Congress the courage to make further spending cuts that would otherwise be politically impossible.

In 1982, it will be important to see whether Congress and the Administration have the understanding and courage to take the long view and stick with the sound programme that they enacted in 1981.

Professor Feldstein is Professor of Economics at Harvard University and president of the U.S. National Bureau of Economic Research.

Men & Matters

Banking figure

Israel's Central Bank finally got a new governor yesterday, two months after the departure of the previous incumbent Arnon Gafny.

By chance, news of the Cabinet's decision to appoint Dr Moshe Mandelbaum reached his office only minutes after my man in Israel had arrived to interview the former director-general of the Ministry of Industry and Trade and economics lecturer at Bar Ilan University.

Questions had to wait on the congratulations and Mandelbaum's own query—happily and rapidly answered—about the chances of opening a celebratory bottle of whisky.

A seventh-generation Jerusalemite, the 45-year-old Mandelbaum was appointed the Bank's deputy governor only three months ago. He has economics degrees from both the Hebrew University in Jerusalem and Vanderbilt University in Tennessee.



In recent years, he has headed both the Industrial Development Bank of Israel and the Government's Foreign Trade Risk Insurance Corporation and served as chairman of the Diamond Institute.

Mandelbaum also found time to make an unsuccessful bid for election as mayor of Jerusalem on behalf of the National Religious Party, one of the partners in Begin's ruling coalition.

His main task during the next five years, he says, will be to persuade the Government to reduce its budget deficit. Boosting the private sector through a more generous credit policy while trimming public spending, he believes, would help both to bring down Israel's triple-figure inflation and close its balance of payments gap.

Past politics

Fate seemed to choose Tam Galbraith as an innocent victim of the close of an era in Tory politics after giving his father Lord Strathclyde a similar unwitting role in its beginnings.

Strathclyde, at the age of 90 still active in the Lords, was the man who from the platform at the 1950 Tory conference promised the party an ambitious housing programme of 200,000 new houses a year when it came to power.

In one of its rare revolts, the conference insisted on raising the target to 300,000 houses a year—and Strathclyde, then MP for Glasgow Pollok, caused some consternation by accepting it.

The revised programme was a factor in the Tories' 1951 General Election victory; and Harold Macmillan, as housing minister, established his political reputation by achieving the target within a couple of years.

award of a knighthood — was thrust into prominence by the Vassall spy case.

John Vassall, later jailed for spying for the Russians, had worked in Galbraith's office during his term as Civil Lord of the Admiralty and questions arose about their relationship.

Galbraith resigned as Under-Secretary for Scotland in 1962 but after being cleared completely by the Radcliffe Tribunal was reinstated in the Government by Macmillan in May, 1963.

Within a month, however, the Establishment-bashing that marked the case was resumed with increased ferocity as the Profumo affair broke and led to Macmillan's retirement and the 1964 defeat at the polls.

Galbraith retained his seat in the Commons to complete a career of almost 34 years at Westminster. But the by-election now caused by his death ironically now spells more trouble for the Tories.

Waiting time

A progressive start to the New Year at the Stock Exchange—and one that may raise a few eyebrows from the floor this morning.

Having become members, dealers, clerks and blue-buttons, women have now been admitted to the last remaining male enclave in Throgmorton Street.

Next week Margaret Brant and Linda Knight will join the ranks of the Stock Exchange waiters, the institution's security and messenger service.

clerical jobs, were just the first to be considered "suitably qualified."

The two women, like all newcomers, will take part in an induction course before sharing the general, and more public duties of the 64-strong service. They will wear jackets and skirts to match the men's uniforms—black with red collar flashes, and fortunately more easily adapted to the changing times than the old frock coats and top hats.

Side splitting

French television's live debate on national humour on Saturday night turned out to be no laughing matter.

Glasses were broken, chairs overturned, obscenity-laden insults and threats exchanged and several of the more drunken of the 30 or so guests forcibly ejected from the studio before the end of the programme.

The occasion for the "debate" was the death of the viciously satirical magazine "Charlie Hebdo" which for 13 years, when its issues have not been banned or seized, had taken on every taboo and sacred cow in French society.

Its volatile staff used the television programme to have a final fling against right-wing and youthful critics of their freedom of expression.

Producer and host Michel Polac admitted that "things got out of hand." But the programme was allowed to run its course.

"When you walk into a bistro, the words that the television audience heard are part of current conversation," Polac explained. "I don't see why on television we can't broadcast programmes on the same level. It's new."

Risk of a repeat next week-end was slight, Polac added.

Must the cold killer strike again?

Cold threatens the old. The recent severe weather claimed many victims—elderly people who suffered and fell ill and for whom loneliness makes it even harder to bear.

The danger is "hypothermia," a fall in "inner" body temperature (to under 35° C). It is medically estimated that up to 20,000 old people die in winter as a result of illness brought about by cold.

Severe cold may return and with it the silent menace to the old, many exist in damp, chilly rooms, they have become so used to hardship and in their loneliness often fail to notice that they have become even colder—until it is too late.

Help the Aged is doing its utmost to provide one of the much needed answers: many more Day Centres, where old people find warmth, friendship and low cost meals. Help the Aged and volunteer drivers also pioneer minibuses transport to take the frail and housebound to centres.

The need for this and other help is especially urgent at this time of year. (Only two old people per thousand have a chance of a Day Centre.) £50 provides help for a Geriatric Medical Day Hospital. £25 provides a continuing daily place for someone in a mobile centre. £150 perpetuates a loved name on the Dedication Plaque of a Day Centre.

Please use the FREEPOST facility and address your gift to: Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT5, FREEPOST, 30, London W1E 7JZ. (No stamp needed.)

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1982

The prospect of neither heaven nor hell

By Jim Ball

THE EVIDENCE suggests that, although the usual margins of economic and industrial output in the UK ceased to fall at the end of the first half of last year, in the third quarter, total output as measured by the gross domestic product on an output basis recorded an increase of 0.7 per cent over the second quarter. Whether temporary or permanent, the fall in output has been arrested.

To suggest that this means the current recession has ended is premature. Certainly, for output as a whole and for many industrial and commercial organisations, the second half of the year will signify a turning point in their fortunes. But output remains substantially below the trend value that might have been expected, even on a pessimistic basis. In that sense, the recession persists, and indeed will persist for some time to come. Considered in the relatively depressed state of output, unemployment has continued to rise during the course of last year, and must be expected to rise somewhat further on present policies, slower rate, into 1982.

The general consensus of current forecasts suggests that output will continue to recover in 1982, at a very modest rate, possibly followed by some acceleration in 1983. This depends substantially on the prognosis for the OECD countries in general.

Some broad numbers and magnitudes for the UK in 1982

FORECAST
(Rates of increase)

1982 compared to 1981

Gross Domestic Product	1.0%
Consumer expenditure	1.5%
Gross fixed investment	2.5%
Consumer prices	10.5%
UK unemployment (wholly unemployed excluding school leavers, fourth quarter)	3.0m
Stockbuilding	+£27.0m

Based on recent published forecasts, 1982 prices.

are given in the accompanying table, which reflects the central tendencies implied by a number of recent forecasts. The numbers reflect my general view that the economy will neither sink violently into further recession, nor recover strongly, as some commentators have suggested. The prospect is one of neither heaven nor hell, though, for some, purgatory may well seem the order of the day.

The modest recovery forecast in total output, including the contribution to output made by North Sea Oil, will be accompanied by some revival in industrial production in general, and manufacturing industry in particular. The major impact on manufacturing industry has resulted from the behaviour of real interest rates and the exchange rate which, together with the wage explosion of 1980, have been the major proximate causes of massive destocking, output reduction and loss of profits.

This massive destocking should reverse itself. Indeed,

for a number of industries, anecdotal evidence suggests that it has already come to an end. Among the forecasters as a whole there is a substantial measure of agreement with regard to the shape of things to come in 1982, given the current basis of government economic policy. There are two notable exceptions to this. The Liverpool Group, under the direction of Professor Patrick Minford, presents a more optimistic view of the outlook over the next few years. The Cambridge Economic Policy Group (CEPG) under the direction of Professor Wynne Godley, on the other hand, interprets the current arrest to the fall in output merely as a stopping place at which to catch breath before the downward plunge of output and the inexorable rise in unemployment continue.

But one must not be deceived. While many of the other groups are closer together in terms of their actual projections of what will happen with unchanged policies than Liverpool and Cambridge, this apparent agreement conceals profound disagreement about what might reasonably be achieved by the discretionary exercise of economic policy.

For the National Institute of Economic and Social Research (NIESR), incomes policy remains a key element in any attempt to produce a more satisfactory future both for output and employment. For the London Business School, in the longer term incomes policy is

THE indications are that the fall in output has been arrested, but whether temporary or permanent, Professor Ball argues that to suggest this means the end of the recession is premature.

Below, Barry Riley sees the key question for the British corporate sector being whether it has the ability to finance a revival in its fortunes to bring at least a modest recovery of activity in 1982.

a hopeless attempt to reconcile unconstrained aspirations and economic reality, the latter demanding a medium-term commitment to a disciplined fiscal and monetary policy.

Any comparison of views about the British economy must be made along a limited number of dimensions. For present purposes, I focus on three.

● The first of these concerns the competitive position of the UK economy in the world at large. It should be familiar ground that the combination of excessive wage increases in 1980 (in particular), coupled with a strong exchange rate, resulted in a major loss of UK competitiveness in the international economic world. This impinged at the outset on the profitability of exporting and surprisingly little, as it happened, on the volume of exports. Clear differences of opinion arise as to whether and how competitiveness can be restored.

The Liverpool group postulates that not only will competitiveness be restored to a

To illustrate the point, while the NIESR expects total output to rise in 1982 by 0.6 per cent, the LBS expects it to rise by 1.7 per cent. I estimate that about half the difference in that forecast arises from the difference in forecasting consumers' expenditure. For the Treasury, real consumption will show no growth in 1982.

● The third principal dimension concerns the behaviour of both stockbuilding and private fixed non-residential investment. It should be common ground that destocking and the emergence of major additional unemployment during the recession are the result of the enormous squeeze on corporate profitability. The behaviour of corporate profits and the financial state of the company sector is therefore crucial to the understanding of the behaviour of corporate expenditures in general.

When compared to others, the London Business School, for example, believes that stockbuilding will recover more strongly in 1982. On the other hand, the CEPG expects further decreases on a substantial scale. However, a number of the forecasters believe that corporate profits will rise strongly in 1982, probably by 30 per cent, although from a disastrously low base, and that balance sheets are being and will be strengthened, to permit the maintenance of fixed investments over what might have been expected in relation to the volume of output, and resumption of stockbuilding, as both

profits rise and interest rates fall.

It is perhaps not surprising that against this background the demands for reduction have increased. Demands, if not for a U-turn, then at least for some curbing away from the present path, appear daily. Sad to say, most of these demands assume that the Government has actually been successful in achieving some of its apparent objectives.

In point of fact, the Government's rhetoric has substantially outrun its performance. The control of inflation, cuts in public spending, cuts in taxation, the increase in VAT, major increases in public sector prices, and substantial increases in public sector pay since the Government took office, reflect incompatibilities that the economy has been incapable of assimilating and still generate the path of nominal incomes and prices as outlined in the Medium Term Financial Strategy. More recently, the behaviour of world interest rates has been imposed on the Government's attempts to restore its fiscal and monetary fortunes. This has been its major piece of bad luck.

But the response to all this should not be in some sense to negate the attempt to provide the necessary financial framework within which inflation may be brought under control and jobs ultimately saved. The concept of a U-turn is quite inappropriate. Reflation, if this is to mean an increase in the general level of nominal demand

(already expected to grow by more than 10 per cent in 1982), will do little or nothing in the short run to deal with the problem of unemployment.

Even favoured policies such as cuts in the national insurance surcharge will impact primarily on company profitability (which is already forecast to improve) rather than on the unemployed. Such a change is insufficiently discriminatory given the limits within which one can manoeuvre without totally abandoning the Government's attempts to put the nation's finances in order.

As I argued in these columns 12 months ago, the unemployment problems must be seen in the short and in the long term. In the short term, direct measures geared to the unemployed offer some hope of alleviating distress during the adjustment process through which British industry is passing and will continue to pass for some time to come. As to the longer run, further progress can only be achieved in the context of a coherent government industrial strategy which must encompass a long run view about public sector capital expenditures and the involvement of government in development and training programmes. These are matters which continue to demand government responsibility of a positive nature. On this front, since I wrote a year ago, I fear that the progress made so far has been disappointing.

Professor Ball is Principal, London Business School.

rights issues so long as the stock market remains reasonably firm.

So although the general expectation is that the corporate sector will move back into sizable financial deficit in 1982, the prospect is by no means a disturbing one—if only because company managers are likely to err on the side of caution in entering into new commitments.

Many companies will be relying primarily on gaining the benefits of the extensive surgery that has been undergone in the past two years. That surgery should bring relief—but looking beyond 1982, it will not necessarily bring a fundamental cure.

BARRY RILEY

The corporate sector: early financial obstacles in the new year

AFTER THE agonies of the past two years, British companies will be hoping—with a reasonable degree of justification—that 1982 will bring at least a modest recovery in activity. But the key question for the coming year is whether the corporate sector will actually be able to finance a revival in its fortunes.

The closing months of 1981 brought some relatively encouraging statistics for British companies. From a low point touched last spring, manufacturing production had recovered by about 34 per cent by October. Trading profits of industrial and commercial companies in the July-September quarter raised by more than a

fifth from the very depressed level of the same quarter of 1980.

Moreover, companies have rebuilt their liquidity. The more successful of them managed to raise some £1.5bn through rights issues last year. And by dint of often drastic housekeeping measures, the industrial and commercial company sector achieved a financial surplus of around £1bn in the first half of 1981.

As 1982 opens, it is possible to point to a number of conflicting trends within the British economy which are pulling the company sector in different directions.

First, there is the long-term decline in manufacturing out-

put caused by factors like the reliance on old industries, and the raising of sterling to uncompetitive levels by North Sea oil.

Second, there is the cyclical or short-term fluctuation in output caused primarily by adjustments to stock levels, which could be an expansionary influence in 1982. At the very least, it should be a much less contractionary factor than it was in the early part of last year.

Third, there is the relative buoyancy of other parts of the economy notably oil and gas, but also many of the service and distribution areas.

Last year's cutbacks had a powerful effect in improving the financial health of companies.

The reductions in stocks alone were worth something like £44bn to cash flow in the first nine months of the year. Now profits are improving sharply, thanks largely to gains in productivity.

There is evidence, however, that the published figures may have exaggerated the underlying liquidity of the corporate sector. Huge amounts of tax remained unpaid for many months because of the civil servants' dispute. Recently, bank borrowing by companies has begun to increase again as the backlog is cleared, and the money markets are likely to remain very tight for some months yet.

So, 1982—at least the early part—threatens to bring finan-

cial pressures for the company sector. Whereas 1981 began with the prospect of lower interest rates and an associated weakness of sterling—both factors which were fulfilled until September—the New Year opens with upward pressure on money rates.

Since interest payments cost industrial and commercial companies something of the order of £8bn a year this is of major importance. Moreover, the Government appears determined to maintain the strength of sterling—thus limiting export profits, and restricting the ability of companies to raise their prices in the home market too, wherever there is import competition.

The worldwide recession can only serve to increase the problems of manufacturers, though the weakness in many commodity prices is an offsetting factor. The closure of the Inverclyde aluminium smelter is only the latest reminder that the structural problems of industry remain to be fully tackled.

Last month the Bank of England calculated that in real terms the profitability of non-North Sea industrial and commercial companies had declined by early 1981 to a return of only some 21 per cent of capital employed, the lowest recorded level. Any modest recovery achieved in 1982 has to be seen in this context.

When returns are so low, any phase of expansion is bound to come up against early financial obstacles. And arguably, industry has already been on a recovery task for more than six months. By the third quarter of 1981, the rundown of stocks had already slowed sharply, and manufacturers' work in progress was beginning to rise after seven straight quarters of decline.

In comparative terms, however, reported company profits are going to look good in the coming months—stock market analysts are talking about average pre-tax gains of 20 to 25 per cent. This will allow many of the larger, healthier public companies to consider

1982

WORLD OUTLOOK

Recovery is just around the corner—again

By Anatole Kaletsky

THERE IS good news from economic forecasters for the New Year—the long-awaited world economic recovery is now just around the corner. The bad news is that the same economic recovery was just around the corner a year ago.

This time last year, the Organisation for Economic Co-operation and Development, for example, was forecasting real growth of 3 per cent for the beginning of 1982. It now thinks that growth in the first half of the New Year is more likely to be about 4 per cent. The world will have to wait until the second half of 1982 and the start of 1983 for a return to what used to be regarded as acceptable rates of economic growth.

The main culprit in disappointing last year's hopes that a significant economic revival would be well under way by about now has been the U.S.

Far from providing the impetus which was going to pull the whole of the world economy out of recession, the spurt of rapid growth seen in the U.S. at the start of 1981 fizzled out rapidly and turned into a steep decline in the summer.

The consequences for the rest of the world have been doubly depressing. Hopes of export-led growth have been disappointed, particularly in Europe. At the same time, the unprecedented strength of the dollar, stemming from a combination of high interest rates and current account surpluses in the U.S., has made it more risky for European governments, worried about their exchange rates and inflation prospects, to stimulate domestic demand.

Japan, alone of the major industrial countries, has been able to buck these trends. Its ability to maintain growth of around 4 per cent throughout the world

recession was due to a surge in export volume of around 20 per cent at an annual rate in 1980 and the early part of 1981. Domestic demand was supported by a big spurt of increases in public investment in the first half of 1981, which is now being cut back as private consumption and investment pick up.

However, even for Japan, the past two years have been traumatic. An economy which was growing at over 10 per cent before 1973 does not easily adjust to much lower growth rates, as the tide of bankruptcies in Japanese small businesses and the growing concern about the economy's excessive reliance on exports demonstrate.

The German economic miracle has been much less successful in surviving the world recession and prospects for the coming year cannot offer much comfort

to Germans harking back to their economic heyday in the late 1960s. As in Japan, exports are the brightest spot for the economy. But unlike Japan, Germany shows no sign yet of a revival in domestic investment and consumption is still weak.

In terms of growth, France probably has the best short-term prospects in Europe. But inflation, trade deficits and doubts about the franc's stability make it difficult to be happy about the way the French economy is moving.

In the rest of the world, the patterns established over the past few years—with many Opec countries increasing their imports until their trade surpluses are almost eliminated and newly industrialised and developing countries with their own energy powering ahead, while the really poor continue to get poorer—seem likely to continue in the New Year.

A CONSENSUS OF FORECASTS

AN AVERAGE OF THE MAIN FORECASTING BODIES

All figures are % changes on average for previous year, unless otherwise stated

	Real gross domestic product		Growth in industrial production		Unemployment rate (% of total labour force)		Balance of payments (current prices in \$bn)		Exchange rate v \$ (end of year)		Fixed capital formation		Inflation	
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982
OECD	1.2	1.9	0.8	1.9	7.25	8.0	-37	-24	—	—	-0.6	-1.5	10.1	8.6
EEC	-0.6	2.0	-2.4	2.3	7.8	8.5	-26	-20	—	—	-3.6	-0.8	11.6	10.8
U.S.	1.85	0.5	3.4	0.1	7.5	8.7	4.3	-3.8	—	—	1.3	-3.1	10.4	8.1
UK	-2.6	0.9	-5.9	2.1	10.6	12.8	11.5	2.6	1.89	1.91 (\$/£)	-6.4	-1.2	12.0	11.0
Japan	3.9	4.5	2.8	4.1	2.2	2.3	6.5	14.7	222	195	2.3	1.25	5.1	3.7
West Germany	-1.0	1.3	-0.8	1.7	5.1	6.8	-11.3	-2.2	2.27	2.00	-4.1	-1.5	5.9	4.8
France	0.4	2.6	-4.8	3.7	7.7	8.5	-6.8	-5.2	5.74	5.54	-1.7	-0.2	13.4	13.9
Italy	-0.5	2.1	-1.7	2.5	8.2	8.9	-10.4	-5.6	1.210	1.172	-1.4	-1.2	19.5	16.1
Australia	3.4	3.8	5.8	4.1	5.6	5.3	-7.0	-7.4	0.89	0.85	10.0	5.1	9.9	10.9

NOTES:
1. For OECD and EEC figures, sources used were: OECD, EEC, Chase Econometrics, Wharton, Henley, London Business School, NIESR, Phillips and Drew, Simon and Coates.
2. For country forecasts, additional material was drawn from national forecasting agencies. UK: Treasury, CBI; U.S.: average of 40 main forecasting agencies published in New York Times; Japan: Fuji Bank; Germany: I.F.O., I.M.W.A., DIW, etc.; Australia: McCaughan, Dyson.
3. Exchange rate forecasts were based on average of 20 forecasts completed by Earmoney Currency Report.
4. Balance of payment forecasts for 1982 in local currency were converted to \$ by the forecast average exchange rate for 1982.
F.T. Statistics Department

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Pru maintains growth in new life and pensions

The Prudential Corporation, the largest life company in the UK, has maintained the momentum of its growth world-wide in new life and pensions business.

New annual premiums advanced from £212.1m to £239.4m a rise of 13 per cent, the same rate of growth as in 1980, while single premiums at £131.5m (£104.4m) were 26 per cent higher compared with a minimal 1 1/2 per cent growth in 1980.

However, growth in individual life and pensions business in the UK from the main subsidiary, Prudential Assurance, showed a mixed pattern with annual premiums rising nearly 7 per cent from £62.3m to £66.5m, while single premiums were nearly 50 per cent up at £18.5m, against £12.4m.

Annual premiums on individual life business improved by a mere 5 per cent from £44.2m to £46.4m, while on self-employed pension contracts, annual premiums were 10 per cent higher at £30.1m compared with £27.1m. Single premiums were buoyant in the UK, those on self-employed

pensions rising over 50 per cent from £5m to £7.8m, while annuity sales were nearly 50 per cent up at £10.6m, against £7.2m.

Business in the industrial branch slackened last year, with annual premiums rising 7 per cent from £61.6m to £65.8m, against a 25 per cent increase in 1980. This reflects the impact of the recession on the class of policyholder using industrial branch contracts.

However, the Pru's UK group pensions business held up remarkably well last year, despite the recession. Annual premiums went ahead by 6 per cent from £42.7m to £45.2m and single premiums by 36 per cent from £28.4m to £38.7m. The company itself showed an 8 per cent rise in annual premiums to £26.2m and a 17 per cent rise in single premiums to £25.9m.

The managed fund subsidiary, Prudential Pensions, had a slight rise in annual premiums to £19m, but doubled its single premiums to £12.8m.

The new business results of the linked-life subsidiary, Van-

brugh Life, were excellent on annual premium business which expanded from £2.1m to £7.8m, with most of the growth coming from the successful marketing of its self-employed pension contract with its loanback facility.

Annual premiums on this contract rose tenfold from £50,000 to £5m. Single premiums dropped nearly one-third from £39m to £29.3m, but in addition the company's Jersey subsidiary took £1.7m on its successful currency fund.

Overseas business of the Corporation was also buoyant. New annual premiums on individual life and pensions business of Prudential Assurance were 25 per cent higher at £32.7m (£25.6m) while single premiums doubled from £18.5m to £39.8m.

In the nine months to September 30 1981, the breakdown of trading profits shows that construction made £152,000, partitions £10,000, property investment £32,000, printing £35,000, and Universal incurred a £3,000 loss.

The group's record shows that pre-tax profits have grown from £15,000 in 1976 to £132,000 in 1980. In the first nine months of 1981 the pre-tax surplus amounted to £219,000.

The company is forecasting that profits for the full year will not be less than £254,000. On this basis the company is coming to the USM on a pro-pective p/v of 15.08 (fully diluted for the convertible shares).

The directors intend to pay a single dividend of 3.1p per share — if the company has been quoted for a full year the payment would have been 4.508p per share indicating a yield of 14 per cent.

Three quarters of the capital — the non-participating convertible shares — is in the hands of the directors and senior managers. These shares will not receive dividends until 1984. The convertible shares will be convertible into the ordinary on a straight one-for-one basis after the year ended December 1983.

Brokers to the issue are Northcote and Co.

YorkMount set for the USM

York Mount Group, a Leeds-based construction company, is joining the Unlisted Securities Market following a placing by Hill Woolgar of 1m ordinary 10p shares at 46p each.

All the money raised, £397,300 after expenses, will be for the company. The directors say that the increased capital base will allow the group to undertake more and larger building contracts.

The company was formed in 1977 by the present chairman, Mr Harry Turpin. The principal business of the group is building, though it has also moved into property investment and industrial and office partitioning. York also operates a small printing works and last year bought Universal Fertiliser for £95,000.

In the nine months to September 30 1981, the breakdown of trading profits shows that construction made £152,000, partitions £10,000, property investment £32,000, printing £35,000, and Universal incurred a £3,000 loss.

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Brokers to the issue are Northcote and Co.

New trust aims at 'recoveries'

A NEW investment trust specialising in recoveries and recently formed companies is being launched by stockbrokers, Smith Keen Cutler.

Asset Special Situations Trust is raising just under £5m by the placing of 10m shares at 30p. Warrants are attached to the ordinary shares on a one-for-ten basis. The warrants entitle holders to purchase one ordinary share for 30p on August 30 in any of the years 1983 to 1990.

The company will be managed by its directors. These are Mr D. K. Rowe-Ham, a senior partner of Smith Keen Cutler, Mr J. M. Wardle, a senior partner of solicitors Edge and Ellison, Hatwell Pritchett and Co., Mr J. M. G. Andrews, previously chief executive of Brand's, the merchant bank, and Mr F. C. Wardle, a Midlands industrialist (no relation of J. M. Wardle).

There will be four main areas of investment. One, listed companies thought to be recovery prospects. Two, listed companies with above average growth potential. Three, private companies with sound track records seeking additional capital. Four, management buy-outs with the investment taking the form of equity and preference shares or equity and loan capital.

Market conditions, the directors say, may necessitate the maintenance of "a significant level of liquidity." The initial working capital available will be invested in gilt-edged stocks and short-term deposits.

The directors say: "The return on certain of the company's investments may be small and capital growth will be the main investment objective." In addition the board stresses, "investment in recovery situations and in young companies usually requires a longer-term view and may well involve a greater degree of risk than investment in well established companies."

The company has available on normal banking terms a facility of £1.5m although the directors say "it is not envisaged that in the present era of high interest rates any material use of bank facilities will be necessary, or appropriate."

The total expenses of the placing are about £95,000 including a £30,000 fee to Smith Keen Cutler, the brokers to the issue, Edge and Ellison, Hatwell Pritchett and Co., where Mr J. M. Wardle is the senior partner, will receive a fee in connection with the company's formation, preparation of the document and the placing agreement.

The directors say: "It is certain that Smith Keen Cutler and likely that Edge and Ellison, Hatwell Pritchett and Co., will in future receive commissions or fees in connection with further work undertaken."

The articles of association oblige the directors to propose a resolution to wind up the company at a general meeting between December 1 1991 and December 31 1991.


The company will be listed on the Stock Exchange and dealings are expected to start on January 7.

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Date	Announcement last year	Announcement this year	Final 1981
Hogg Robinson Jan 12	Int. 3.0	Int. 3.0	Final 3.75
Imperial Group Feb 12	Final 4.5	Final 4.5	Final 4.5
Kenning Jan 14	Final 3.75	Final 3.75	Final 3.75
Lloyds Bank Feb 19	Final 8.5	Final 8.5	Final 8.5
London Feb 5	Final 6.0	Final 6.0	Final 6.0
MPI Furniture Jan 27	Int. 1.1	Int. 1.1	Int. 1.1
McCorquodale Jan 6	Final 5.25	Final 5.25	Final 5.25
Magnat and Southams Jan 13	Int. 2.0	Int. 2.0	Int. 2.0
Mercantile House Jan 26	Int. 5	Int. 5	Int. 5
NetWest Feb 23	Final 12.25	Final 12.25	Final 12.25
Pharmacia Jan 5	Final 4.5	Final 4.5	Final 4.5
Racal Electronics Jan 13	Int. 1.15	Int. 1.15	Int. 1.15
Rank Org. Jan 21	Final 6.0	Final 6.0	Final 6.0
Rames (Australia) Jan 12	Int. 0.57	Int. 0.57	Int. 0.57
Raybeck Jan 15	Int. 1.13	Int. 1.13	Int. 1.13
SBS Jan 12	Final 3.0	Final 3.0	Final 3.0
Sausal (H.) Jan 8	Int. 1.5	Int. 1.5	Int. 1.5
Tate and Lyle Jan 21	Final 6.5	Final 6.5	Final 6.5
Thorn EMI Jan 9	Int. 4.05	Int. 4.05	Int. 4.05
Trusthouse Forte Jan 21	Final 9.945	Final 9.945	Final 9.945
Union Discount Jan 27	Final 14.0	Final 14.0	Final 14.0

* Board meeting anticipated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is not an invitation to subscribe for or purchase any securities.



London and Manchester Group plc

Incorporated under the Companies Acts 1948 to 1980 No. 1594941

SHARE CAPITAL

Authorised	Issued and fully paid
£ 6,250,000	£ 5,732,711
Shares of 25p each	

All the issued share capital of London and Manchester Group plc has been admitted by the Council of The Stock Exchange to the Official List.

Particulars relating to London and Manchester Group plc are available in the Extra Statistical Services and copies of the particulars may be obtained during usual business hours (Saturdays and public holidays excepted) between 4 January 1982 and 18 January 1982, both dates inclusive from:


London and Manchester Group plc
 London Office: Imperial House, Dominion Street, London EC2M 2SP
 Registered Office: Wimsdale Park, Exeter EX5 1DS
 Springour, Kemp-Gee & Co., 20 Copthall Avenue, London EC2R 7JS

4 January 1982

Nikko Securities announces a change of address as January 4th, 1982

The Nikko Securities Co., (Europe) Ltd.
 Nikko House, 17 Godliman Street, London, EC4
 England Tel.: 248-9811 Telex 884717

An integrated approach to investment and finance



FT Share Information

The following securities have been added to the Share Information Service:

- A and G Security Electronics (Section: Electronics).
- Cred. Petroleum Corporation (Oil and Gas).
- McLeod Russel 8.4 per cent Cum. Red. Pref. 1990-92 (Teas-India and Bangladesh).
- New Australia Investment Trust (Investment Trusts).
- Winslow International (Leisure).
- Sampang (Java) Rubber Plantations (Rubbers).
- Saxon Oil (Oil and Gas).
- Television South (Leisure).
- United Ceramic Distributors (Buildings).

SPAIN

High	Low	%	Price
339	251	Banco Bilbao	335
345	280	Banco Central	335
323	229	Banco Exterior	320
330	229	Banco Hispano	325
128	115	Banco Ind. Cat.	115
283	284	Banco Santander	347
219	148	Banco Urquijo	214
366	282	Banco Vizcaya	335
252	203	Banco Zaragoza	220
165.5	82	Dragados	124
75	45	Espanola Zinc	80
72	55	Fesca	64.7
51	22	Gal. Pricados	41
82.7	63.5	Hidroira	76.5
82.5	52	Iberdrola	58
122.5	70	Petroleos	85.9
104	70	Petrofiber	101
102	40	Sofelisa	40
80	60	Telefonica	73
78.2	60	Union Elec.	72

EDINBURGH EXEMPT FUNDS

	31.12.81	31.12.81
AMERICAN FUND	69.2p	72.1p
JAPAN FUND	289.8p xd	302.1p xd
PACIFIC FUND	129.2p	134.6p

EDINBURGH FUND MANAGERS LIMITED
 4 Melville Crescent, Edinburgh EH4 7JE. Tel: 031-226 4931

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 8/1/82

IN Terms (years)	3	4	5	6	7	8	9	10
TEREST %	13 1/2	13 1/2	13 1/2	13 1/2	14	14	14	14 1/2

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Rd., London SE1 8XP (01-928 7822, Ex-367). Cheques payable to "Bank of England, a/c FFI" FFI is the holding company for KIRC and FCI.


THE TRING HALL USM INDEX

118.0 (unchanged)
 close of business 31/12/81
 BASE DATE 10/11/80 100
 Tel: 01-638 1591

CORAL INDEX

Close 528-533 (unchanged)

This advertisement is issued in compliance with the requirements of The Stock Exchange in connection with the placing by Hill Woolgar & Company p.l.c. of 1,000,000 Ordinary Shares of 10p each at 46p per share in York Mount Group p.l.c. ("the Company"). Application has been made for grant of permission to deal in the Ordinary Shares of the Company on the Unlisted Securities Market of The Stock Exchange. It is emphasised that no application has been made for these securities to be admitted to listing.



YORK MOUNT GROUP p.l.c.

(Incorporated in England under the Companies Acts 1948 to 1967; Registered No. 1010495)

Authorised	Issued and to be issued fully paid
£ 200,000	£ 100,000
£ 300,000	£ 300,000
£ 500,000	£ 400,000

Shares have been offered to and are available through the Market.

Full information regarding the Company is contained in the Extra Statistical Services, and in a Prospectus dated 30th December, 1981, copies of which may be obtained from:

Hill Woolgar & Company p.l.c., Northcote & Co., 5 Frederick's Place, Northcote House, Copthall Close, London EC2P 2JL.
 Hill Woolgar & Company p.l.c., 137 Royal Exchange, St Ann's Square, Manchester M2 7BY.

Public Works Loan Board rates

Effective December 19

Years	Quota loans repaid at	Non-quota loans A* repaid at
Up to 5	16 1/2	17 1/2
Over 5, up to 6	16 1/2	17 1/2
Over 6, up to 7	16 1/2	17 1/2
Over 7, up to 8	16 1/2	17 1/2
Over 8, up to 9	16 1/2	17 1/2
Over 9, up to 10	16 1/2	17 1/2
Over 10, up to 15	16 1/2	17 1/2
Over 15, up to 25	16 1/2	16 1/2
Over 25	16 1/2	16 1/2

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual interest gross pay-able	Minimum sum	Life of bond
Knowsley (051-548 6565)	14 1/2	£ 1,000	4-8

Through merger


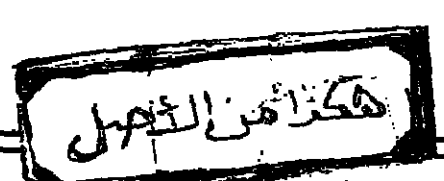
New Court Securities Corporation has become

ROTHSCHILD INC.


One Rockefeller Plaza, New York, N.Y. 10020

Affiliated companies in
 London Paris Zurich Hong Kong Singapore Sydney

January 4, 1982

This announcement appears as a matter of record only.



Compañía Nacional de Subsistencias Populares

(a Decentralised Public Agency of the United Mexican States)

£52,000,000

Acceptance Credit

Arranged and managed by
N. M. Rothschild & Sons Limited

provided in London by

Bank of New South Wales	Central Trustee Savings Bank Limited
Dresdner Bank Aktiengesellschaft	Hill Samuel & Co. Limited
N. M. Rothschild & Sons Limited	Standard Chartered Bank Limited
Banque de Paris et des Pays-Bas	Banque Nationale de Paris p.l.c.
Brown, Shipley & Co. Limited	The Commercial Banking Company of Sydney, Limited
Guinness Mahon & Co. Limited	Midland Bank Limited
Kleinwort, Benson Limited	The National Bank of New Zealand Limited
Midland and International Banks p.l.c.	Standard Chartered Merchant Bank Limited
The Royal Bank of Canada	

Agent
N. M. Rothschild & Sons Limited

January 1982

INTERNATIONAL CAPITAL MARKETS

The outlook for 1982

INTERNATIONAL BONDS

BY ALAN FRIEDMAN

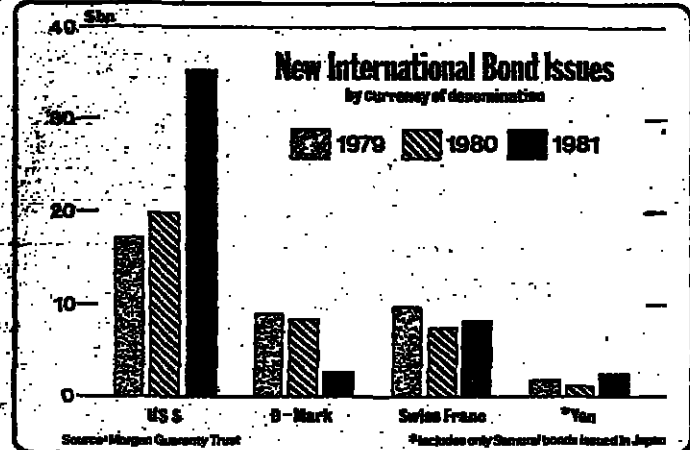
More famine than feast

THERE SHOULD be room for one more rally in the Eurobond market during the first quarter of this year...

the uncertainty it brings, there is room for profitability under the right circumstances. In the next 30 days the markets will be watching carefully to see whether the Federal Reserve eases rates...

difficult, however, to assess their true value. The "Street" has a great deal of fun with them, but they remain basically a speculative instrument...

In the convertible bond market, the big story was the slump in Japanese convertibles last September. Credit Suisse First Boston was one of the few European houses with the nerve to stop an issue...



night. With a two-year yield of just above 15 per cent on quality paper and a 10-year yield of 16 per cent or more, positive carry still exists.

solid at a very deep discount so that they offer the prospect of large capital gains. Because of this structure they are unlikely ever to rise above par in secondary market trading...

After a couple of months of hiatus, the Japanese borrowers were back again in December, albeit on a much-reduced scale. Now, the securities houses which count—Daiwa, Nomura, Yamaichi and Nikko—claim they have achieved a new system of self-regulation.

Working under the informal supervision of the Ministry of Finance in Tokyo, the Japanese lead-managers will inaugurate a quarterly limit of \$1.5bn starting in April. They also plan to limit new issues to one a week.

The Eurobond market remains suspicious of Japanese convertibles, particularly because there is talk of a number of new issues this month and next. If the securities houses now favour self-regulation, why should they go about the business of new issues with less discipline in the weeks leading up to the start of the "new system"?

TOP LEAD MANAGERS IN THE EUROBOND MARKET

Table listing top lead managers in the Eurobond market with columns for name and amount in \$m.

Note: Includes all public issues of Eurobonds (excluding foreign bonds in domestic markets in Europe, U.S. and Japan) issued in 1981. Full amount credited to lead manager, or divided equally between joint lead managers.

CREDITS

BY PETER MONTAGNON

Going getting tougher

TWO THINGS seem clear about the syndicated bank credit market at the start of 1982. First, last year's record borrowing levels are unlikely to be repeated and second, many borrowers are likely to find the going tougher with conditions on their loans tending to harden.

Last year saw a staggering increase in market activity. New loans totalled no less than \$132.3bn, according to figures from Morgan Guaranty Trust. This compared with only \$77.4bn in 1980.

But these figures disguise the fact that a large portion of the increase came from borrowing by U.S. corporations. U.S. off-take from the syndicated loan market last year rose to \$54.2bn from only \$6.7bn a year earlier and the bulk of these borrowings were arranged in the summer at the height of the merger mania on Wall Street.

Suddenly major corporations were raising massive amounts either to finance takeovers or to defend themselves against unwelcome bids. The record for individual deals was set by Gulf Oil and Mobil, each of which raised \$6bn almost in a matter of minutes.

The pace of borrowing was seen in many market quarters as a testimony to the liquidity still available to top-rated borrowers, but it also took on a rather unreal air.

Indeed, the circumstances in which these loans were arranged were so unique that the episode seems hardly likely to be repeated. Meanwhile the rate of increase in other borrowings was very much slower.

Excluding U.S. borrowings, new business in the syndicated loan market rose by only \$7.4bn to \$78.1bn, which in turn was well below the record \$80.5bn seen in 1979, and while banks were falling over themselves to lend to U.S. corporations, they were becoming decidedly more reserved towards some of their other clients.

Countries for which margins increased last year included such substantial borrowers as Italy, Mexico, Argentina and Chile, while in the autumn the fees had to be increased on two prestigious loans for the New Zealand Petroleum Corporation and for France's electric utility EDF.

The reasons for this were diverse, but common threads emerged which are likely to hold good into 1982. International banks have become more profit-sensitive and less willing to make loans on ultra-fine spreads. Some countries have saturated the market with too much borrowing and the long-drawn out Polish debt rescheduling has engendered an air of caution.

Already lending to Eastern Europe has come to a virtual halt. In the final four months of

oil exporting countries, some of which may increasingly turn into new borrowers, it said.

Overall, the OECD said, this would have the effect of reducing the fierce competition for new business in the syndicated loan market which has exerted a strong downward pull on spreads over the past three years.

In the past few months some countries have still been able to profit from this competition and to arrange credits on very

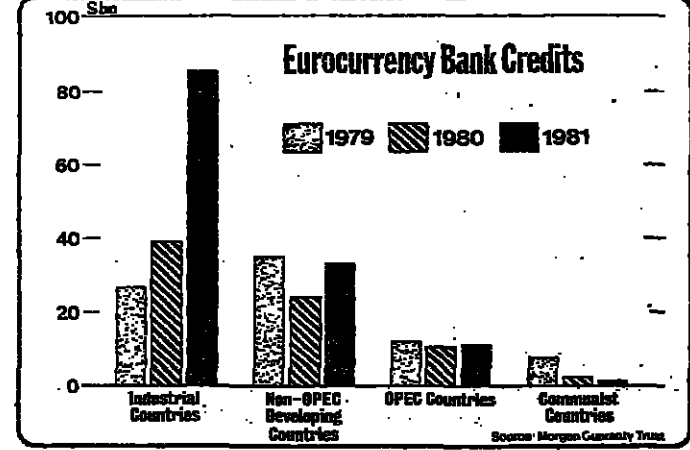
OECD suggests that the pattern could vary between highly rated industrial countries and the less popular developing nations.

There is still no likelihood of really tight credit conditions developing, it says, with well-rated creditors continuing to enjoy adequate access to the market. Yet the prevalence of rescheduling operations may make the going very much harder for lesser credit risks.

As far as demand for funds is concerned, the OECD predicts little increase in the underlying level seen in 1981 after expansion of the exceptional U.S. borrowings. Total borrowing on the credit market and international bond markets together is likely to rise only marginally to an underlying rate of some \$130bn to \$135bn.

But there will still be some very heavy borrowers in the Eurocredit market, especially in Latin America where Mexico is expecting gross foreign borrowing needs this year to reach some \$20bn, only slightly below last year's \$22bn.

Brazil is expected to raise a total of some \$14bn next year after \$15.9bn in 1981. This is based on expectations of a current account balance of payments deficit of some \$9bn to \$11bn, net interest payments of some \$9.5bn and amortisations of existing debt of some \$7.2bn.



last year only \$170m of new credits were arranged for Comecon countries, while a group of international banks decided to shelve plans for an \$80m credit to Romania because of that country's own payments problems.

Elsewhere in the world there were other reschedulings—for Costa Rica, Bolivia, Liberia, and Sudan—which only served to reinforce this air of caution so that finally banks began to talk of a generalised increase in margins whose effect would be felt well into 1982.

This thesis received a considerable boost last month from the Organisation for Economic Co-operation and Development which suggested in a report on the capital markets that harder conditions were in the offing.

Besides questions of profitability and increased country risk awareness, the OECD cited the softness in world oil prices as a factor likely to push up loan margins. Lower oil prices have severely limited the supply of new funds to the international banking system from

low margins. In the Far East, Indonesia and Malaysia have each obtained 10 year money at a flat 8 per cent margin.

Many bankers now say that the tide is turning even in the competitive Far East market as banks look increasingly to the profitability of their transactions.

But it will still take some time for the effect of this to be clear. Japanese banks, which have in the past been market leaders in cutting rates, have again become very active with their quotas for the current October-March period increased to \$8bn from \$6bn in the preceding six months.

Arab banks have also become much more active over the past year, but the big question is whether they and the Japanese banks together will be able to offset the reserve now being shown by German, French and some U.S. banks.

If they do not, there seems to be little prospect that a general increase in margins can be avoided. How far they would rise is another matter, and the

TOP LEAD MANAGERS OF SYNDICATED EUROLOANS

Table listing top lead managers of syndicated Euroloans with columns for name, \$bn, and deals.

New Issues December 30, 1981

Federal Farm Credit Banks The Thirteen Banks for Cooperatives The Twelve Federal Intermediate Credit Banks The Twelve Federal Land Banks

Consolidated Systemwide Bonds

- 13.55% \$1,401,000,000 CUSIP NO. 313311 FH 0 Dated January 4, 1982 Due July 1, 1982
13.80% \$1,031,000,000 CUSIP NO. 313311 FM 9 Dated January 4, 1982 Due October 1, 1982
14.625% \$514,000,000 SERIES-A 1987 CUSIP NO. 313311 HG 0 Dated January 4, 1982 Due January 20, 1987

Price 100%

The Bonds are the secured joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

BONDS ARE AVAILABLE IN BOOK-ENTRY FORM ONLY. Federal Farm Credit Banks Fiscal Agency 90 William Street, New York, N.Y. 10038 Peter J. Carney Fiscal Agent Gerald F. Kierce Deputy Fiscal Agent This announcement appears as a matter of record only.



Attention: The First National Bank in St. Louis has changed its name.

คำเตือน ธนาคารเฟิร์สเนชันแนลแห่งเซนต์หลุยส์ ได้เปลี่ยนชื่อใหม่แล้ว

Atención: The First National Bank in St. Louis ha cambiado de nombre.

Attenzione: The First National Bank in St. Louis ha cambiato il nome.

Attention: The First National Bank in St. Louis har skiftet navn.

御注意下さい セントルイスのファースト・ナショナル・バンクは名前を変えました。

Achtung! Die First National Bank in St. Louis hat ihren Namen geändert.

Merk! First National Bank in St. Louis har forandret navn.

알림: 세인트루이스의 제일국민은행은 이름을 바꿨습니다.

Atenção: The First National Bank in St. Louis mudou de nome.

Avis: The First National Bank in St. Louis a changé de nom.

注意: 花旗銀行聖路易分行已經變更名稱

Attention: The First National Bank in St. Louis har ändrat sitt namn.

In any language, you can continue to count on Centerre Bank for the same efficiency in international credit, trade and foreign exchange services you received from First National Bank in St. Louis. Only our name is different.

CENTERRE BANK MidAmerica's Bankers. Formerly First National Bank in St. Louis

Member FDIC

INTERNATIONAL CAPITAL MARKETS and COMPANIES

BY DAVID LASCELLES

Beatrice Foods on target despite slowdown in growth

BY TERRY BYLAND

MR JAMES DUTT, chairman of Beatrice Foods, the Chicago-based food manufacturer, remains confident that 1981-82 will be the company's 30th consecutive year of increased sales and share earnings...

\$80.8m last time. Sales were level pegging at \$2.25bn. Mr Dutt comments that net earnings are benefiting from an increase in interest income and a decrease in interest charges...

PCS planning increase in production of potash

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Province of Saskatchewan plans a major expansion of potash production by the end of this decade, which would make the prairie province the most important potash mining area in the western world...

has bought into five potash mining operations in the Province. Its expansion programme is aimed to meet a forecast world demand for potassium chloride of 25m tons yearly or more by the end of the decade...

Landis rights foreseen

BY JOHN WICKS IN ZURICH

A FURTHER rights issue is foreseen by the Swiss electrical engineering company, Landis & Gyr, for the current financial year 1981-82. According to the group's house journal, this is likely to involve the issue of one new share and participation certificate against every 14 existing units...

Landis & Gyr, whose total share capital currently amounts to SFr 149m, recently announced a fall in group profits by 8.5 per cent for the business year ended September 30 to SFr 54m, the lowest level since 1978.

U.S. BONDS

A CARTOON showing a football player marked "bond market" with a silly grin on his face, rushing headlong into the arms of a huge leering bear wearing a 1982 sash...

The fact is that while the New Year may be dawning in roseate hue, with interest rates down sharply from their summer peaks and the credit markets in better shape, the football field is still mighty wet and slippery...

crisis—their fourth in only two years—If Wall Street's already battered faith in Reaganomics begins to fail. Insofar as there is a consensus in these wild and unpredictable times, it is that interest rates will continue on the downward, jagged, path they began in the middle of last year...

Like last year, much of what happens will be determined not on Wall Street but down in Washington as the Reagan Administration grapples with its budget problems against mounting political odds...

Wall Street has already resigned itself to a record budget deficit this year of the order of \$80-\$100bn. so the Treasury's huge borrowing needs in the coming months have to some extent been discounted...

Bear traps for the unwary



market must be rated slim. The Reagan-mandated cuts in Federal subsidies to local and state government have also saddled local authorities with fearsome budget problems...

Administration most uncomfortable: the recession. The drop in interest rates in the final quarter of 1981 was largely due to the collapse of the economy...

is bound to show signs of strain in the coming months, particularly if the economy is slow to pick up. The Fed's targets for money supply growth in 1982 are even lower than they were in 1981...

Senior posts at Jardines

JARDINE, MATHESON AND COMPANY, Hong Kong, has appointed five assistant directors and six general managers. The assistant directors are: Mr John Barton, chief financial officer of the Jardine Insurance Broking Group in London...

Colia Wearmouth, finance director, Jardine, Matheson Regional Holdings (SEA) PTE and Mr Stephen Young Mai-Tsing, director, Jardine Marketing Services Limited (JMS), and manager, wines and spirits division...

INTERNATIONAL APPOINTMENTS

writing agency of the Arco Financial Services Group which underwrites in the colony on behalf of British National another AFSE company. Mr Joe P. Culp has been named president of telecom-

vice-president and general manager of the Collins transmission systems division. Mr Wilfred P. Schmoce, vice-president International Petroleum Production of Conoco Inc., has been elected to the newly created position of vice-chairman of the Board of directors of CONOCO INC., a subsidiary of E. I. Du Pont de Nemours and Company, Inc.

will also become chief operating officer at that time and has become a board member. He will be succeeded as president of its petroleum products group by Mr David H. Hentschell, who has been executive vice-president, planning, technology and services.

executive officer of the Grafprint Group and at present acting as managing director of Solna Offset will be appointed working chairman of the Solna Offset board. At the same time Mr Burnell will take over as Solna's managing director. Mr Burnell is at present director of finance at Babcock.

Advertisement for Salinas y Rocha, S.A. U.S. \$25,000,000 Floating Rate Notes due 1988. Includes logos for Merrill Lynch International & Co., Bancor Rio de la Plata, S.A., Banque Worms, and others.

INTERNATIONAL BOND SERVICE

Table listing various international bonds including U.S. Dollar, Deutsche Mark, and Swiss Franc, with columns for Issued, Bid, Offer, Change, and Yield.

Table titled EUROBOND-TURNOVER showing nominal value in \$m, Last week, and Previous week figures.

Advertisement for Asian Development Bank Kuwaiti Dinars 15,000,000 10 per cent. Bonds of 1981/1991. Includes logos for Kuwait Investment Company (S.A.K.) and Kuwait International Investment Co. s.a.k.

Table titled CONVERTIBLE BONDS listing various convertible bonds with columns for Conv. Conv. date, Bid, Offer, and Yield.

ISSUE BY TENDER OF £500,000,000
3 per cent Treasury Stock, 1987
MINIMUM TENDER PRICE £64.50 PER CENT

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3 per cent Treasury Stock, 1987
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ISSUE BY TENDER OF £500,000,000
3 per cent Treasury Stock, 1987
MINIMUM TENDER PRICE £64.50 PER CENT

A copy of this Prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for Admission to the Official List of the Ordinary Shares to be issued of Asset Situations Trust P.L.C. (the Company) and of the Subscription Warrants (the Warrants) issued by the Company when detached.

ASSET SITUATIONS TRUST P.L.C.
(Incorporated in England under the Companies Acts 1948 to 1980 Number 1605118)

Placing by Smith Keen Cutler of 10,000,000 Ordinary Shares of 10p each at 30p per Share payable in full upon acceptance

Share Capital
Authorised £1,250,000
In 12,500,000 Ordinary Shares of 10p each
Issued and to be issued fully paid £1,000,000

Warrants in respect of a fraction of a Share will not be issued. Consequently a shareholder's entitlement to Warrants on application for registration will be aggregated and any entitlement to a fraction of a Share will be disregarded.

Introduction
Asset Situations Trust P.L.C. (the Company) was incorporated in England on 18th December 1981 by the Directors who are also the promoters of the Company and are not connected with it. It is proposed to operate as a specialised investment company with a portfolio of investments principally in small to medium size companies which the Directors regard as having average prospects for recovery from the effects of the present recession or if they were considered to be in an early stage of their development.

PARTICULARS OF THE WARRANTS TO SUBSCRIBE ORDINARY SHARES OF THE COMPANY

Warrants will be issued subject to and with the benefit of the following conditions:
1. Subscription Rights
(a) Registered holder for the time being of a Warrant shall have the right to subscribe for the time being of a Warrant...

(b) The holder of a Warrant may, at any time, assign or otherwise dispose of the whole or any part of the rights conferred by the Warrant...
(c) The holder of a Warrant shall be deemed to have accepted the terms and conditions of the Warrant...

2. Articles of Association

The Articles of Association of the Company contain, inter alia, provisions to the following effect:
(a) The Directors shall establish a Capital Reserve Fund and shall carry to that fund any profits of the Company...

3. Placing Arrangements

By an Agreement dated 31st December 1981 (the Placing Arrangement) Smith Keen Cutler have agreed, conditional on the Council of The Stock Exchange being satisfied that the Company is eligible for admission to the Official List on or before 31st January 1982, to place for the Company 10,000,000 Ordinary Shares of 10p each at 30p per Share...

4. Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company since its incorporation:
(a) Dated 30th December 1981 being a letter from Barclays Bank Limited to the Directors of the Company setting out the overdraft and loan facilities available to the Company...

5. Interests of Directors and Others

Immediately after the placing by Smith Keen Cutler of 10,000,000 Ordinary Shares of 10p each at 30p per Share, the interests of the Directors and other persons in the share capital of the Company as at the date of the placing are as follows:
Name of Director or other person 10p Shares held 30p per Share

6. General

(a) Save as disclosed in Paragraphs 1 and 3 above no capital of the Company has been issued for cash or in any other form which is not provided for in the Memorandum and Articles of Association of the Company...

7. Consents and Documents

Touché Ross & Co. have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of the information contained above in the form and content in which it is included.

STATUTORY AND GENERAL INFORMATION

1. The Company and its Share Capital
The Company was incorporated in England and Wales as a public limited company under the Companies Act 1948 to 1980 Number 1605118.

2. Shares
Two shares in the Company have been subscribed for cash at par and are not yet issued. The remaining 12,498,000 shares are included in the share capital of the Company and are available for issue by the Directors in whose name they are now registered as part of such placing arrangements.

3. Directors
The Directors of the Company are:
DAVID KENNETH ROWE-HAM, F.C.A. (Chairman)
JOHN MALCOLM WARDLE, LL.B.
JOHN MICHAEL GEORFFREY ANDREWS
CHARLES FREDERICK WARDLE

4. Auditors and Reporting Accountants
TOUCHE ROSS & CO., Chartered Accountants
Hill House, Little New Street, London ECA4 3TR

5. Brokers
SMITH KEEN CUTLER
62 Cornhill, London EC3V 3NR

6. Solicitors
EDGE & ELLISON, HATWELL PRITCHETT & CO.
Rutland House, 148 Edmund Street, Birmingham B3 2JR

7. Registrars and Transfer Office
BARCLAYS BANK LIMITED, Registration Department
Redbroke Hall, Knurford, Cheshire WA16 8EU

8. Bankers
BARCLAYS BANK LIMITED
63 Colonnade Row, Birmingham B3 2DY

9. Stamp of Lodging Agent (if any)
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WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of New York stock market data including company names, prices, and indices like Dow Jones and S&P 500.

1981-82

Table of 1981-82 stock market data with columns for High, Low, Stock, and Dec 31.

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Indices

Table of various stock indices including Dow Jones, S&P 500, and regional indices.

NEW YORK

Table of New York stock market data including company names and prices.

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NEW YORK ACTIVE STOCKS

Table of active stocks in New York with columns for company name, price, and change.

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Advertisement for Girobank energy bill fees, including text and a logo.

Handwritten text at the bottom of the page, possibly a signature or note.

BASE LENDING RATES

A.B.N. Bank	14 1/2%	Robert Fraser	15%
Alfred Irish Bank	14 1/2%	Grindlays Bank	14 1/2%
American Express Bank	14 1/2%	Guinness Mahon	14 1/2%
Amro Bank	14 1/2%	Lombros Bank	14 1/2%
Bank of Australia	14 1/2%	Edible & Gen. Trust	14 1/2%
Bank of Brunei	14 1/2%	Hill Samuel	14 1/2%
Bank of China	14 1/2%	C. Hoare & Co.	14 1/2%
Bank of India	14 1/2%	Hongkong & Shanghai	14 1/2%
Bank of Japan	14 1/2%	Knowsley & Co. Ltd.	14 1/2%
Bank of Korea	14 1/2%	Lloyds Bank	14 1/2%
Bank of Malaya	14 1/2%	Mallinball Limited	14 1/2%
Bank of Mauritius	14 1/2%	Edward Manson & Co.	14 1/2%
Bank of New Zealand	14 1/2%	Midland Bank	14 1/2%
Bank of Oman	14 1/2%	Samuel Montagu	14 1/2%
Bank of Singapore	14 1/2%	Stanley & Co.	14 1/2%
Bank of Thailand	14 1/2%	National Westminster	14 1/2%
Bank of Tonga	14 1/2%	Norwich General Trust	14 1/2%
Bank of Victoria	14 1/2%	P. S. Refson & Co.	14 1/2%
Bank of Western Australia	14 1/2%	Roxburgh Guarantee	14 1/2%
Bank of Zambia	14 1/2%	E. S. Schwab	14 1/2%
Bank of Zimbabwe	14 1/2%	Slavenburg's Bank	14 1/2%
Bank of Ceylon	14 1/2%	Standard Chartered	14 1/2%
Bank of Cyprus	14 1/2%	Trade Dev. Bank	14 1/2%
Bank of Greece	14 1/2%	Trustee Savings Bank	14 1/2%
Bank of Hong Kong	14 1/2%	TCB Ltd.	14 1/2%
Bank of London	14 1/2%	United Bank of Kuwait	14 1/2%
Bank of Montreal	14 1/2%	Whiteaway & Laidlaw	14 1/2%
Bank of New South Wales	14 1/2%	Williams & Glyn's	14 1/2%
Bank of Northern Territory	14 1/2%	Winturst Ltd.	14 1/2%
Bank of Queensland	14 1/2%	Yorkshire Bank	14 1/2%
Bank of South Africa	14 1/2%	Members of the Accepting Houses Committee	14 1/2%
Bank of South America	14 1/2%	7-day deposits 12.50% to 15.00%	
Bank of Sumatra	14 1/2%	12-month deposits 12.50% to 15.00%	
Bank of Taiwan	14 1/2%	12-month deposits 12.50% to 15.00%	
Bank of the Middle East	14 1/2%	Call deposits 12.50% and over	
Bank of the Pacific	14 1/2%	12-month deposits 12.50% to 15.00%	
Bank of the South Pacific	14 1/2%	21-month deposits over 15.00%	
Bank of the West Indies	14 1/2%	Monthly base rate	
Bank of the West Indies	14 1/2%		

FT Monthly Survey of Business Opinion

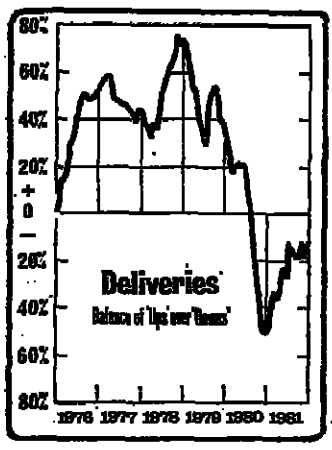
© Statistical Material Copyright Taylor Nelson Group Ltd.

GENERAL OUTLOOK Confidence dips again

BUSINESS OPTIMISM about prospects for 1982 dipped last month, mainly reflecting gloom about the inflation and general economic outlook. However, there was slightly more confidence about prospects for the UK economy.

Of the three industry groups interviewed in the latest survey — engineering (non-electrical), brewers and distillers and paper and allied industries — only the brewers were more optimistic.

The index of general optimism about the business situation declined slightly



from the November level and is still a long way below the mid-year peak.

Some engineering companies detected an improvement in orders, partly because of the fall in the pound.

Although most brewers saw signs of hope, one complained of falling beer consumption as a result of declining real incomes.

Several respondents in the paper and connected group also reported increases in activity. Others complained about factory closures, lower retail sales and customers' reluctance to order.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
More optimistic	30	28	21	24	9	53	53
Neutral	48	54	58	50	26	36	2
Less optimistic	22	19	22	24	65	9	45

EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Higher	63	62	66	59	70	57	34
Same	24	23	21	25	7	19	43
Lower	12	13	11	15	22	24	23
No answer	2	2	2	1	0	0	0

NEW ORDERS

The trend of new orders in the last four months was:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Up	16	15	24	22	7	36	9
Same	38	41	41	34	23	27	44
Down	27	24	23	28	70	36	5
No answer	19	20	11	15	0	0	43

PRODUCTION/SALES TURNOVER

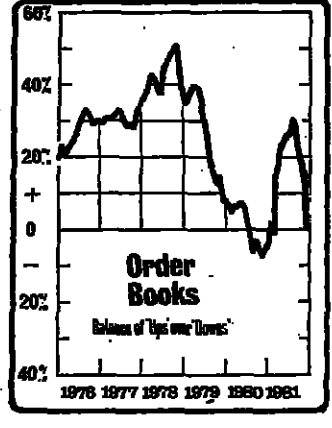
These expecting production/sales turnover in the next 12 months:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Rise over 20%	1	1	2	2	0	0	0
Rise 15-19%	2	2	1	1	0	0	0
Rise 10-14%	5	7	9	7	0	0	20
Rise 5-9%	20	22	26	26	0	0	7
Rise 2.5-4%	18	20	21	25	23	18	20
Remain the same	44	31	28	22	72	82	43
Fall 2.5-4%	8	8	7	6	4	0	9
Fall 5-9%	2	5	3	5	0	0	0
Fall 10-14%	0	0	0	0	0	0	0
Fall 15% or more	0	0	0	0	0	0	0
No answer	1	4	4	7	0	0	0

ORDERS AND OUTPUT

Demand still sluggish

For the second consecutive month there has been a fall in the number of new orders and there is virtually no improvement in the order book situation. Some new engineering products received good orders both at home and overseas and there are reports of increasing interest from export markets, although little of it is turning into confirmed orders. Demand from the aircraft industry is poor.

In brewing and distilling the order books reflect the drop in consumer demand which is blamed on the shortage of disposable income. In the paper sector hopes were pinned on increasing television advertising



sales when Channel Four begins.

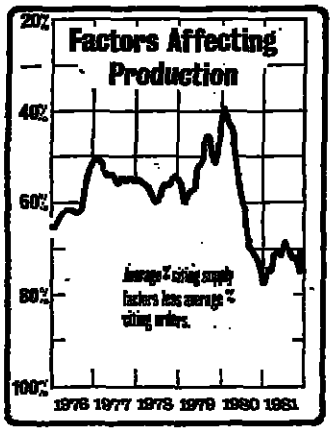
Only three companies expect turnover to increase by 5 per cent or more in the next year compared with ten who thought it would four months ago. All three sectors are now expecting smaller turnover gains next year and the index for the median has fallen yet again, indicating the persistent gloom on this front.

In brewing and distilling hopes are geared to the summer but the feeling that any major improvement will come from overseas sales seems likely to grow next year. Some companies said the index would have been in an even worse state if their forecasts had not excluded factory closures.

CAPACITY AND STOCKS

Inventories too high

The tendency towards destocking continues and there has been very little change since last month in work in progress. Expectations for changes in the different type of stocks over the next 12 months were mainly unchanged but the engineering sector alone was more inclined to say it expected stocks of manufactured goods to fall. One engineering firm had acquired two freight aircraft for subsequent resale and hoped they would have been disposed of before the end of the 12-month period. The brewing and distilling group thought its level of stocks of all types was probably too high in relation to current sales trends. The survey offers no indication yet of intentions in any sectors to re-stock.



Engineering and brewing and distilling were less inclined than four months ago to say they were working at below planned output levels although paper is yet more depressed. But all sectors had more idle assets. In engineering these included two factories closed because production was transferred to another plant, under-used plant because of lack of orders, factories for sale, idle plant in UK and Europe and plant left unmanned through redundancy policies.

A distilling firm is now operating at 25 per cent capacity with two units closed for 11 months a year. Paper and packaging production lines are out of use and some machinery is idle although not yet 'mothballed.'

CAPACITY WORKING

Are you working at your planned output level for this time of year?	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Above target capacity	1	3	3	3	0	0	0
On target	52	44	46	41	78	55	56
Below target capacity	47	52	48	53	22	45	44
No answer	0	1	3	3	0	0	0

INVESTMENT AND LABOUR

Job cutbacks expected

There is little overall change in the job situation with nearly half the firms expecting to decrease their labour forces during the next 12 months and only 8 per cent expecting to increase their number of jobs. Engineering and paper are more inclined to report a pre-dominance of demand effects on the employment situation compared with August but brewing and distilling tended to take the opposite view and quote supply effects.

Both paper and engineering said employment legislation tended to induce caution about taking on staff. One company



said it always examined pension fund commitments carefully when considering the acquisition of another company. Although there is no sign of improved employment opportunities in the sector the decreases expected next year are mainly expected to be gradual rather than sudden.

Brewing and distilling expected capital expenditure to fall next year but paper thought it would rise. One engineering company is planning a new factory in South Africa and a new U.S. facility but there were few indications of major UK investment plans.

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Increase	8	8	7	12	12	0	17
Stay about the same	47	44	44	45	81	79	41
Decrease	45	48	49	43	6	21	42

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Increase in volume	23	23	23	20	0	24	14
Increase in value but not in volume	12	12	13	14	0	48	6
Stay about the same	22	19	19	25	26	3	73
Decrease	40	43	41	35	52	25	7
No answer	3	3	4	6	22	0	0

COSTS

Wages rise by:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
0-4%	4	4	3	2	0	0	0
5-9%	75	67	71	66	100	100	98
10-14%	13	17	16	23	0	0	2
Remain the same	2	2	2	2	0	0	0
No answer	7	10	9	7	0	0	0
Unit costs rise by:							
0-4%	3	3	7	6	0	0	0
5-9%	39	33	28	29	75	18	54
10-14%	36	30	35	37	23	82	44
15-19%	4	7	9	5	0	0	0
Remain the same	3	3	1	0	1	0	2
Decrease	2	2	2	2	0	0	0
No answer	14	23	18	21	0	0	0

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	4 monthly moving total				December 1981		
	Sept-Dec %	Aug-Nov %	July-Oct %	June-Sept %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging %
Improve	49	48	44	45	9	18	39
Remain the same	43	39	35	31	22	82	59
Contract	8	7	11	14	70	0	2
No comment	1	6	10	10	0	0	0

COSTS AND PROFIT MARGINS

Wage rises set to drop

The engineering sector remains particularly gloomy about profit with only 8 per cent expecting an improvement in the next 12 months and 70 per cent expecting further contraction.

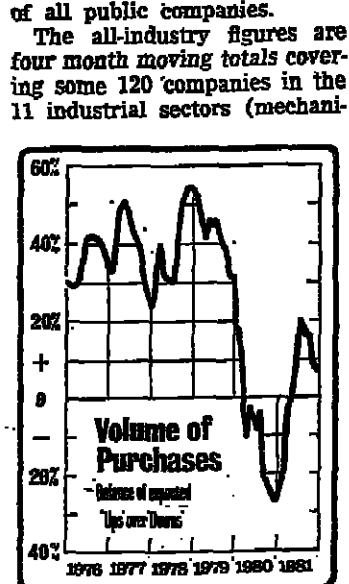
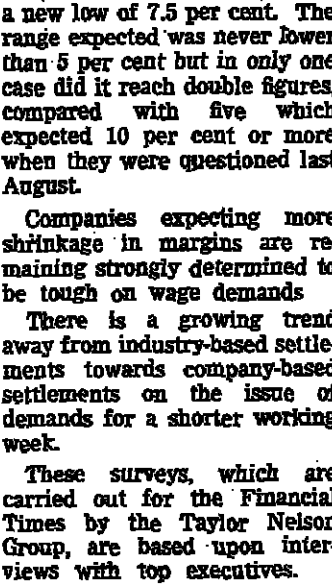
After levelling off last month the median expected increase in wages fell again this month to a new low of 7.5 per cent. The range expected was never lower than 5 per cent but in only one case did it reach double figures, compared with five which expected 10 per cent or more when they were questioned last August.

Companies expecting more shrinkage in margins are remaining strongly determined to be tough on wage demands.

There is a growing trend away from industry-based settlements towards company-based settlements on the issue of demands for a shorter working week.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT Actuaries' Index, which accounts for about 60 per cent



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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 4th January 1982 to 6th July 1982 has been fixed at 15 1/2 per cent per annum and that the coupon amount payable on coupon no. 4 will be U.S. \$772.03.

The Sumitomo Bank, Limited
Fiscal Agent

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the issued Ordinary Shares of the Company in the United Securities Market. It is emphasised that no application has been made for the Ordinary Shares of the Company to be admitted to Listing. A Placing of 6,000,000 Ordinary Shares of 10p each in the Company will be arranged by Messrs. Le Marc, Martin & Co., contemporaneously with the Company's application. Shares have been offered to and are available through the Market.

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Le Marc, Martin & Co., Nabarro Nathanson, Regina House, 76 Jermyn Street, London EC4N 3JL. London SW1Y 6NR.

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EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published on the following dates:

1982

Tuesday 13th January
Monday 15th February
Thursday 18th March
Thursday 18th April
Wednesday 12th May
Wednesday 16th June

Tuesday 13th July
Wednesday 18th August
Tuesday 14th September
Wednesday 15th October
Thursday 11th November
Tuesday 14th December

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CURRENCIES, MONEY and GOLD

RECENT ISSUES

In the eye of the storm

BY COLIN MILLHAM

CHRISTMAS THROUGH to the New Year is never the most active time in financial markets, and the three days of trading last week was no exception. The London money market sailed along quietly enough, but was acutely aware that it was drifting gently in the eye of the storm. After a period of large shortages of day-to-day credit, caused mainly by the delayed payments of taxes after the Civil Service dispute the market can now expect to be hit by further shortages due to the normal seasonal payment of tax. Last week's conditions were comfortable, however, with the supply of money only slightly below the needs of the market on balance. Intervention by the Bank of England had the effect of leaving surplus funds in the system, enabling one or two discount houses to pick up late balances at 1 per cent, if they were patient enough and were still keen on eating toffees after the Yuletide festivities. There was even an end of year bonus in the form of easier U.S. interest rates, easing the pressure on London rates, and helping sterling to finish on a firm note despite a fall of around 50 cents over the course of the year. This improvement took the immediate pressure off clearing bank base rates as three-month money fell comfortably below 16 per cent. There was little change in the critical seven-day rate however, since the authorities had managed to keep very short term rates down. The desire to control the upward pressure on interest rates at a time when the supply of market credit was tight has resulted in the Bank of England buying very large quantities of paper. According to estimates made by Gerrard and National, the record £7bn bank bills in issue the Bank of England holds about £3bn. During the next month or so official purchases of eligible paper are likely to continue on a large scale, but the situation should be helped by the decision to increase the number of banks able to issue eligible bills. Gerrard and National suggests that over £3bn of the remaining £3bn in circulation are probably eligible for purchase by the authorities.

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EQUITIES

Table with columns: Issue price, 1981 High, 1981 Low, Stock, Dividend, etc. Lists various equity issues and their performance.

"RIGHTS" OFFERS

Table with columns: Issue price, 1981 High, 1981 Low, Stock, etc. Lists rights offers for various companies.

FIXED INTEREST STOCKS

Table with columns: Issue price, 1981 High, 1981 Low, Stock, etc. Lists fixed interest stocks and their performance.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various countries and currencies.

GOLD

Table showing gold prices and rates for various countries and currencies.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various countries and currencies.

OTHER CURRENCIES

Table showing rates for other currencies like Swiss Franc, Japanese Yen, etc.

FT UNIT TRUST INFORMATION SERVICE

Large advertisement for FT Unit Trust Information Service, listing various offshore and overseas funds with details on investment, risk, and contact information.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-currency interest rates for various currencies and terms.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 31)

Table showing interbank fixing rates for 3 and 6 months U.S. dollars.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

CURRENCY RATES

Table showing currency rates for various countries and currencies.

Advertisement for ANZ Bank, titled 'What makes a finance director tick?'. Includes a large checkmark graphic and text describing the bank's services and international focus.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Alliance Unit Trust, and others, including their names, managers, and contact information.

Table listing unit trusts under the heading 'L & C Unit Trust Management Ltd.', including details like 'Legal & General (Unit Trust Mgrs) Ltd.' and 'Legal & General (Unit Trust Mgrs) Ltd.'.

Table listing unit trusts under the heading 'Royal Tel. Cos. Pl. Mgrs. Ltd.', including details like 'Royal Tel. Cos. Pl. Mgrs. Ltd.' and 'Royal Tel. Cos. Pl. Mgrs. Ltd.'.

Table listing unit trusts under the heading 'Albany Life Assurance Co. Ltd.', including details like 'Albany Life Assurance Co. Ltd.' and 'Albany Life Assurance Co. Ltd.'.

Table listing unit trusts under the heading 'General Portfolio Life Ins. Co. Ltd.', including details like 'General Portfolio Life Ins. Co. Ltd.' and 'General Portfolio Life Ins. Co. Ltd.'.

Table listing unit trusts under the heading 'The London & Manchester Ass. Co.', including details like 'The London & Manchester Ass. Co.' and 'The London & Manchester Ass. Co.'.

Table listing unit trusts under the heading 'Schroder Life Group', including details like 'Schroder Life Group' and 'Schroder Life Group'.

Table listing unit trusts under the heading 'Scottish Amicable Investments', including details like 'Scottish Amicable Investments' and 'Scottish Amicable Investments'.

INSURANCE PROPERTY BONDS

Table listing insurance and property bonds, including details like 'Albany Life Assurance Co. Ltd.', 'Equity & Law Life Ass. Co. Ltd.', and 'Equity & Law (Managed Funds) Ltd.'.

NOTES: Prices are in pence unless otherwise indicated. There is no charge for information...

Notes regarding unit trust information, including details about prices and charges.

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FT SHARE INFORMATION SERVICE



BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Name, Stock, Price, and other financial metrics.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Stock, Price, and other financial metrics.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Stock, Price, and other financial metrics.

Undated

Table of British Funds (Undated) with columns for Name, Stock, Price, and other financial metrics.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues with columns for Name, Stock, Price, and other financial metrics.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, and other financial metrics.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Stock, Price, and other financial metrics.

LOANS

Table of Loans with columns for Name, Stock, Price, and other financial metrics.

Financial

Table of Financial Instruments with columns for Name, Stock, Price, and other financial metrics.

Building Societies

Table of Building Societies with columns for Name, Stock, Price, and other financial metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Stock, Price, and other financial metrics.

AMERICANS

Table of American Stocks with columns for Name, Stock, Price, and other financial metrics.

AMERICANS (Cont.)

Table of American Stocks (Continued) with columns for Name, Stock, Price, and other financial metrics.

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AMERICANS (Cont.)

Table of American Stocks (Continued) with columns for Name, Stock, Price, and other financial metrics.

CANADIANS—Continued

Table of Canadian Stocks with columns for Name, Stock, Price, and other financial metrics.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Stock, Price, and other financial metrics.

BANKS AND HIRE PURCHASE (Cont.)

Table of Banks and Hire Purchase (Continued) with columns for Name, Stock, Price, and other financial metrics.

Hire Purchase, etc.

Table of Hire Purchase and other financial instruments with columns for Name, Stock, Price, and other financial metrics.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Stock, Price, and other financial metrics.

BEERS, WINES AND SPIRITS (Cont.)

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BEERS, WINES AND SPIRITS (Cont.)

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BUILDING INDUSTRY—Contd.

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BUILDING INDUSTRY—Contd.

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ELECTRICALS—Continued

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ELECTRICALS—Continued

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Table of Food and Groceries with columns for Name, Stock, Price, and other financial metrics.

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MINES - Continued

Table of mining stocks including Australian and Tin stocks with columns for Stock, Price, Div, and Yld.

Copper

Table of copper stocks with columns for Stock, Price, Div, and Yld.

Miscellaneous

Table of miscellaneous stocks with columns for Stock, Price, Div, and Yld.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25c. Estimated price/earnings ratios and other ratios are based on half-yearly figures. P/E ratios are calculated on "net" distribution basis...

REGIONAL MARKETS

Table of regional market data for various countries including Australia, Canada, and others.

OPTIONS

Table of options contracts with columns for Stock, Price, Div, and Yld.

OIL AND GAS - Continued

Table of oil and gas stocks including Shell, BP, and other energy companies.

OVERSEAS TRADERS

Table of overseas trading companies with columns for Stock, Price, Div, and Yld.

RUBBERS AND SISALS

Table of rubber and sisal stocks with columns for Stock, Price, Div, and Yld.

TEAS

Table of tea stocks with columns for Stock, Price, Div, and Yld.

MINES

Table of mining stocks with columns for Stock, Price, Div, and Yld.

Far West

Table of Far West stocks with columns for Stock, Price, Div, and Yld.

INVESTMENT TRUSTS - Cont.

Table of investment trusts with columns for Stock, Price, Div, and Yld.

SHIPPING

Table of shipping stocks with columns for Stock, Price, Div, and Yld.

SHOES AND LEATHER

Table of shoes and leather stocks with columns for Stock, Price, Div, and Yld.

SOUTH AFRICANS

Table of South African stocks with columns for Stock, Price, Div, and Yld.

TEXTILES

Table of textile stocks with columns for Stock, Price, Div, and Yld.

TOBACCO

Table of tobacco stocks with columns for Stock, Price, Div, and Yld.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks with columns for Stock, Price, Div, and Yld.

PROPERTY - Continued

Table of property stocks with columns for Stock, Price, Div, and Yld.

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INSURANCE - Continued

Table of insurance stocks with columns for Stock, Price, Div, and Yld.

LEISURE

Table of leisure stocks with columns for Stock, Price, Div, and Yld.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks with columns for Stock, Price, Div, and Yld.

Commercial Vehicles

Table of commercial vehicle stocks with columns for Stock, Price, Div, and Yld.

Components

Table of component stocks with columns for Stock, Price, Div, and Yld.

Garages and Distributors

Table of garage and distributor stocks with columns for Stock, Price, Div, and Yld.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks with columns for Stock, Price, Div, and Yld.

INDUSTRIALS - Continued

Table of industrial stocks with columns for Stock, Price, Div, and Yld.

INSURANCE

Table of insurance stocks with columns for Stock, Price, Div, and Yld.

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Egypt buys 20 Mirage jets

BY OUR CAIRO CORRESPONDENT

FRANCE has agreed to sell Egypt a first batch of 20 Mirage 2000 combat aircraft in an arms deal worth \$1bn. The conclusion of the deal came after three days of talks in Cairo between Mr Charles Hernu, the French Defence Minister, and Egyptian officials.

Announcing details, Lt Gen Abdel Hakim Abu Ghazala, the Egyptian Defence Minister, said the French Government will provide financing in the form of a short-term loan at 9 per cent interest repayable in 12 six-monthly instalments, starting from date of delivery in 1983.

Unlike similar U.S. loans for arms, there will be no grace period.

The Mirage 2000 is the latest model from France's Marcel Dassault aviation equipment stable and only entered service with the French Air Force in the past year.

It is regarded as superior to the US F-16, of which Egypt has 40 on order and is said to be both simpler to fly and less complicated to maintain.

Since the 1973 Mid-East war Egypt has shopped around to rebuild its armoured forces and replace its ageing Soviet equipment. France is now Egypt's

second largest trading partner and its greatest supplier of military aircraft—Egypt already has 60 Mirage 5s as well as Gazelle helicopters and Crotale anti-aircraft missiles. It has 30 Alpha jet trainers on order.

The Egyptian Press had been predicting a bigger arms deal of 40 to 60 Mirage 2000s along with additions to its existing range of aircraft, but the high cost of the Mirages—at \$50m each with their arms—are said to have prevented a bigger sale.

Costs will be partly offset by a joint manufacturing agreement of up to 6m hours at the factories of the under-used Arab Organisation for Industrialisation (AOI).

The AOI will thus obtain a manufacturing base in the region which will pay dividends should reconciliation between Egypt and the Arab States lead to funds being reinvested by Saudi Arabia and the Gulf States.

As part of the military co-operation agreement, France has also agreed to train a number of officers, pilots and mechanics in France.

Terry Dodsworth in Paris adds: The arms deal with Egypt

Strike vote sought by miners' leaders

By Christian Tyler, Labour Editor

LEADERS of the National Union of Mineworkers today call on their 250,000 members to vote for a national strike over pay "if necessary" this winter.

A special issue of the union's newspaper, *The Miner*, will be distributed in the coalfields urging the pitmen to support their national executive committee's uncompromising line in a secret ballot to be held in 10 days' time.

The NUM leaders are looking for a convincing mandate—although a 55 per cent majority is constitutionally sufficient—in the expectation that the threat of a strike will be enough to force more money out of the National Coal Board or the Government.

The union's executive has rejected, on a 19 to 5 vote, a £102m offer which would increase basic wage rates by about 8½ per cent and be worth between 9 and 10.5 per cent if the inclusion of a service bonus. The miners' claim is for the equivalent of a 24 per cent rise.

Under a banner headline "Why your vote must be Yes," the NUM bulletin argues that the Chancellor's recent economic package has destroyed the value of the board's offer.

Mr Lawrence Daly, NUM general secretary, says "Sir Geoffrey Howe's measures have hardened the miners' mood. It has sharpened the need to achieve the wage claim; and the vital next step will come through the membership expressing their support and solidarity through the pithead ballot. It will immensely strengthen our case in the fight to maintain the living standards of our members and their families."

Mr Daly says the lowest-paid surface workers need more than £100 a week basic (the NUM claim is for £100) to re-take the position won after the 1973 national strike to match past and projected inflation. The top-rated surface worker would need £150 a week basic.

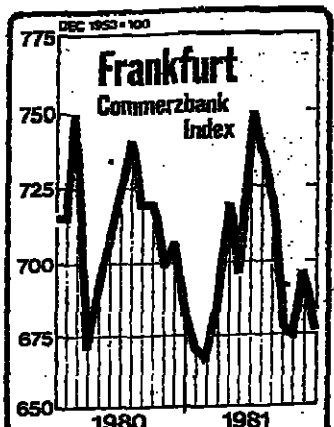
The Chancellor's package had raised national insurance contributions by more than £1 a week for most miners, council house rents were going up by £2.50 a week and the cut in the rate support grant to local authorities meant an average increase in householders' rate bills of £45.

The union's strategy has been endorsed by a specially convened delegate conference where only three hands: those of the Leicestershire area representatives, were raised in opposition.

The board's offer would raise minimum rates to £87.80 a week for surface workers and £121.55 at the coalface. With bonus pay, it is said average earnings would range from £129 to £153 a week.

THE LEX COLUMN

Frankfurt waits for foreigners



The West German equity market has disappointed investors for the third successive year. After a strong rally early in 1981, share prices peaked in mid-year and were trading last week close to the level of 12 months ago. Looking into 1982, the prospects for a rapid recovery are dim.

The sluggish performance has been remarkably uniform. A few major companies, including Preussag, have significantly outperformed the market, but such instances are rare. The Frankfurt stock market is constituted very largely of mature, cyclical companies and the firm control exercised by the banks ensures that unwelcome takeovers are nipped in the bud.

According to no less an authority than the Deutsche Bundesbank, the squeeze on corporate profits over the past two years has been the most severe of the post-war period. Profits fell by around 10 per cent in 1980 and, over the past two years, the decline in real terms is about a quarter.

The corporate sector has had to contend with a very weak level of domestic demand and a steep rise in costs, offset only partially by the currency-induced increase in export orders. In real terms, domestic goods industry showed a fall of 7 per cent in the first 10 months of last year. A 10.5 per cent rise in foreign orders confined the overall fall to 0.4 per cent—close to the decline in GDP itself.

The effect of lower capacity utilisation has been compounded by the mounting cost of raw materials and a poor productivity performance. Oil prices rose by a third in D-Mark terms between January and October of last year while wage costs per unit were growing at about 6 per cent, close to the rate of inflation. Moreover, the historically high level of interest rates and the growing dependence of the corporate sector on bank finance have substantially reduced interest cover and weakened balance sheets which, by UK standards, already looked stretched.

Shareholders' funds currently represent about 20 per cent of total liabilities in the average West German balance sheet. A decade ago they accounted for 30 per cent. The growing dependence on external finance has coincided with an acutely difficult period for the banks. In 1980, Commerzbank was obliged to omit its dividend because of mismatching on its loan book. More recently, the banks have had to consider whether to

write off their substantial Polish loans.

The prospect that any recovery in share prices will trigger a spate of new equity offerings is already a worry to the market particularly as foreign investors, who were heavy takers of new stock earlier last year, are fighting shy of German equities. Between August and October, German companies raised only DM 700m in new equity—compared with DM 2.6bn in the same period of 1980—and almost the whole amount was taken up by foreigners.

Foreign buyers

Early last year, equity values were supported by a series of foreign investors. OPEC states, followed in rapid succession by UK institutions, U.S. pension funds and French investors with election jitters were strong net buyers. According to analysts in Frankfurt, only OPEC has stayed in.

The crystal ballgazers of Bonn and Frankfurt have reached a virtual consensus that the current year will show some slight real growth in GDP. Four of the five leading economic institutes are expecting growth of 1 per cent. On top of that, West German trade unions are apparently preparing to accept wage rises in the area of 5 per cent, around 12 percentage points below the current level of inflation.

The Bundesbank has already indicated that it is prepared to see short-term interest rates ease, by dropping its special Lombard rate from 12 to 10½ per cent, and it could make a further move early in the new year. The growth of its money stock aggregate is running close to the bottom of its 4-7 per cent target range and pressure on the D-Mark has been relieved since the autumn by a turnaround in the current account.

Fears that this might show a greater deficit in 1981 than

Iraqi oil exports hit by blast

BY HHSAN HIJAZI IN BEIRUT

IRAQ'S EFFORTS to increase its oil exports suffered a serious setback yesterday when unidentified saboteurs blew up a pipeline carrying crude to Tripoli, the port in northern Lebanon.

The explosion caused a huge fire which was still raging several hours later. Lebanese officials said all pumping had been halted. Later last night state radio reported the fire was out and that experts were assessing damage.

With heavy fighting continuing in the war with Iran, Iraq urgently needed the extra capacity provided by the Tripoli pipeline to finance its war effort and to maintain its ambitious economic development programme.

Iraq's oil exports have slumped from nearly 3.5m barrels a day before the war started 15 months ago to as

little as 600,000 b/d. All its current exports have to be channelled through the pipelines to Turkey and Banias in Syria. These have a combined capacity of close to 1m b/d.

The Tripoli pipeline is a branch of the main pipeline through Syria. It was opened only 10 days ago after a five-year closure and was expected to carry about 200,000 b/d. Iraqi officials believed this could be increased to nearer 400,000 b/d.

The pipeline was blown up at Tal Abbas in Lebanon's northern district of Akkar, about three miles south of the Syrian border.

A Lebanese-registered tanker came under rocket bombardment at the Tripoli terminal on Saturday. The attack started a fire in a section of the ship. The tanker has been sent to Greece for repairs.

Iran has meanwhile claimed further success in the war. It says its troops have crossed into Iraq territory for the first time. Iranian radio said 700 Iraqis were killed or wounded in a battle in the northern Diyala region. Another 114 Iraqis were said to have been taken prisoner.

Iraq confirmed there had been heavy fighting in the north but said it had killed more than 900 Iraqis near the town of Nowdsud. The Iraqis say they have penetrated three miles into Iraq in the Nowdsud area.

In south Lebanon a Ghanian soldier serving with the United Nations peace-keeping force was killed yesterday and another wounded when their post came under attack in the central sector. About 70 UN troops

Strike vote sought by miners' leaders

By Christian Tyler, Labour Editor

LEADERS of the National Union of Mineworkers today call on their 250,000 members to vote for a national strike over pay "if necessary" this winter.

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Rail

be less severe but a separate unofficial strike by drivers at Edinburgh beginning at midnight tonight would greatly reduce services on the East coast line between London and Scotland.

Cancellations are likely to increase during the week as drivers refuse to complete journeys involving overtime. Problems are likely to arise from trains being abandoned at the wrong stations.

Mr Sid Weighell, the National Union of Railwaymen's general secretary, said he had written to the Associated Society of Locomotive Engineers and Firemen—the main train drivers' union—before Christmas asking for early talks on British Rail's productivity formula which is at the heart of the dispute.

Mr Ray Buckton, Aslef general secretary, replied that he would put the request to his executive, but did not agree to bring forward a meeting of the Federation of Rail Unions scheduled for January 26.

Mr Weighell, whose union has accepted BR's productivity plan, said any further attempts to end the strike would have to come from Mr Buckton.

"The object of the federation is to get policies of rail unions in line with one another. Clearly that is not working on this occasion, otherwise we would have sat down and talked it through before any strike action."

The dispute is about the terms of an agreement reached at the Advisory Conciliation and Arbitration Service in August. BR is refusing to pay drivers a 3 per cent second stage of a pay award or introduce a promised 39-hour working week until Aslef agrees to daily shifts of variable length.

New help for small businesses

BY ROBIN PAULEY

NEW INITIATIVES to help small businesses, including a scheme to utilise the tax incentives in the last Budget to encourage private investment, are announced today by the London Enterprise Agency.

The new services include:

- an innovation unit to assist inventors and small businesses with new products;
- a purchasing initiative by a group of large companies;
- increased training programme by LEMIA for business start-ups.

The innovation unit will be run by a manager seconded from BP and will include an adviser seconded from a bank. It will try to help people with new ideas by using the research and development facilities of large companies and will also be able to call on the Design Council and a leading firm of patent agents.

The development is an advance on LEMIA's existing counselling service for innovators and will include an attempt

Alliance dispute

Continued from Page 1

schoolgirl" and Mr Alan Beith, the Liberal chief whip, accused him of breaking the agreement by sidestepping the alliance's formal dispute procedure.

"When things can't be resolved locally, then they can be referred to the national negotiating machinery," he said. "But that's not been done in this case. That's what should have been done, instead of dealing in public statements and suspension of negotiations."

Mr Steel refused to be drawn on the issue, other than to suggest that Mr Rodgers "seems to have had too many mince pies for Christmas" and to remark that the Liberals were democratic, unlike the authoritarian Social Democrats.

In his New Year's message two days earlier, he criticised the SDP's "excessive demands" and castigated both sides for their "arrogance and bluster."

The parties will be under pressure to resolve their differences quickly following the death of Sir Thomas Galbraith, 64, who died from a brain tumour on Saturday. Sir Thomas, who was knighted in last week's honours list after 34 years as a Tory MP, held his seat with a majority of barely 2,000 at national level.

Labour came a strong second and the Liberals a poor third, and the seat is considered a near certainty for SDP. Mr Jenkins is believed to be keen to contest the seat, which he would have a good chance of holding in a general election.

Should he wish to stand, the local Liberals are expected to support him, providing the present difficulties are solved at national level.

Optimism on upturn prospects dampened

BY DAVID MARSH

THE BRITISH economy has yet to climb out of recession, according to signs in the FT Survey of Business Opinion, published today.

Companies questioned last month—from the engineering, brewing and paper industries—reported sluggish end-year demand. They were generally more gloomy about business prospects for 1982, with the index of optimism about the outlook falling back slightly after the short-lived rise in the previous month.

But on the positive side, companies were more confident about export prospects, continuing the improvement seen

since the pound's fall this summer.

Relief from inflationary pressures appears to be continuing as a result of weak industrial demand and slack labour markets. Respondents generally expected wages to rise by only around 7.5 per cent over the next 12 months, down from 8 per cent in the previous survey. The overall expected level of price rises also fell back slightly towards 8.5 per cent.

Because of productivity increases, the outlook for profit margins remains relatively good, although the engineering sector was more pessimistic about profits than when last surveyed.

A particular setback to Government and industry hopes of a New Year upturn is the unfavourable outlook for stocks. Most companies still say their inventory levels are too high in relation to current sales trends. This suggests that significant re-stocking—on which the Treasury is pinning much of its hopes for economic recovery—is unlikely and even that some further rundown of inventories may take place.

In spite of greater optimism about exports, companies were gloomy about the general outlook for orders and turnover during 1982. The number of companies expecting increases

Weather

UK TODAY
 TROUGHS of low pressure over northern districts will move slowly south.
 London, S. England, Channel Islands, S. Wales
 Showers, some bright intervals. Max. 11C (52F).
 N. Wales, N.W. England
 Outbreak of rain turning wintry with icy winds. Max. 6C (43F).
 N.E. England, Edinburgh, Glasgow, Dundee, Argyll, N. Ireland
 Sleet or snow at times. Winds strong to gale. Max. 3C (37F).
 Aberdeen, Moray Firth, N. Scotland, Orkney, Shetland
 Bright intervals, scattered snow showers.
 Outlook: Colder, windy, with widespread frost.

WORLDWIDE	
City	Temp
Aaccio	11
Algiers	14
Amsdam	11
Albans	14
Bahia	11
Barcelona	11
Beirut	19
Belgr	11
Berlin	9
Blair	17
Bombay	28
Brussels	11
Budapest	11
Cairo	19
Casablanca	19
Cape Town	22
Chicago	11
Columbo	26
Conhgn	16
Corfu	16
Dubrovnik	11
Dubrovnik	12
Edinburgh	4
Frankfurt	9
Geneva	8
Gibraltar	15
Hong Kong	17
Imbabra	20
Innsbruck	11
Isle of Man	9
Jersey	8
London	11
Lyons	11
Madrid	14
Moscow	11
Munich	11
Naples	11
Nassau	19
Newcastle	9
New York	11
Nicosia	14
Osaka	14
Paris	11
Perth	16
Prague	6
Rangoon	28
Rio de Janeiro	16
Rome	15
Salt Lake City	14
Singapore	28
Sofia	11
Stockholm	11
Sydney	11
Taipei	11
Tampere	11
Tientsin	11
Toronto	11
Valencia	14
Warsaw	11
Wellington	11
Winnipeg	11
Zurich	11

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